UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

Nos. 1322, 1653, 1768—August Term 1995

Argued: May 2, 1996 Decided: August 7, 1996

Docket Nos. 95-7763(L), -7765(CON), -7767(XAP)

JIMMY MERCHANT and HERMAN SANTIAGO,

Plaintiffs-Appellees-Cross-Appellants,

—v.—

MORRIS LEVY, BIG SEVEN MUSIC CORP. and ROULETTE RECORDS, INC.,

Defendants-Appellants-Cross-Appellees,

—and—

WINDSWEPT PACIFIC ENTERTAINMENT CO.,

Intervenor-Defendant-Appellant-Cross-Appellee.

Before:

NEWMAN, *Chief Judge,*
FEINBERG and OAKES, *Circuit Judges.*

Appeal from the June 28, 1995, judgment of the United States District Court for the Southern District of New York (Naomi Reice Buchwald, Chief Magistrate Judge), upholding claims of co-authorship of song written in 1955. Appellants contend that suit is barred by statute of limitations.

Reversed and remanded with directions to dismiss the complaint.

JAMES B. SHEINBAUM, New York, N.Y., Scott L. Baker, New York, N.Y. (Leon B. Borstein, Borstein, Sheinbaum & Lurie, New York, N.Y.; Alan L. Shulman, Silverman & Shulman, New York, N.Y., on the briefs), *for defendants-appellants-cross-appellees, Morris Levy, Big Seven Music Corp., Roulette Records, Inc., and intervenor-defendant-appellant cross-appellee Windswept Pacific Entertainment Co.*

ROBERT W. CINQUE, New York, N.Y. (James P. Cinque, Cinque & Cinque, New York, N.Y., on the brief), *for plaintiffs-appellees-cross-appellants.*

JON O. NEWMAN, *Chief Judge*:

This appeal concerns the appropriate time period in which those claiming to be co-authors of a work whose copyright is registered to another person may sue to establish their co-ownership rights. Defendants-

appellants-cross-appellees Morris Levy, Big Seven Music Corp., and Roulette Records, Inc. (the "Levy Defendants") and Intervenor-defendant-appellant-cross-appellee Windswept Pacific Entertainment Co. ("Windswept") (collectively the "Defendants") appeal from the judgment of the District Court for the Southern District of New York (Naomi Reice Buchwald, Chief Magistrate Judge) entered on June 28, 1995. After a trial on the issue of liability was held in part before a jury and in part before the Court, the Court declared plaintiffs-appellees-cross-appellants Jimmy Merchant and Herman Santiago ("Plaintiffs") co-authors with Frankie Lymon of the well-known musical composition *Why Do Fools Fall in Love* ("*Fools*"), and co-owners of the copyright therein. *Merchant v. Lymon*, 828 F. Supp. 1048 (S.D.N.Y. 1993). The Court awarded Plaintiffs an undivided one-half interest in the copyright of *Fools* and monetary damages that accrued within three years of the filing of the lawsuit. We agree with Defendants that Plaintiffs' claim seeking a declaration of co-ownership rights based on their co-authorship of *Fools* is time-barred by the three-year statute of limitations, and we therefore reverse the judgment of the District Court.

Background

Plaintiffs Merchant and Santiago are two of the original members of the singing group "The Teenagers," which was formed in 1955. Plaintiffs testified that in 1955 they jointly wrote the initial version of the song *Fools*. Frankie Lymon made a number of changes to the song when he subsequently joined the group, which then became known as "Frankie Lymon and The Teenagers." The jury found that Merchant, Santiago, and Lymon

were co-authors of *Fools*. At the time Lymon was 12 years old and Plaintiffs were each 15.

In 1956 the Teenagers recorded *Fools* for Gee Records, then owned and operated by George Goldner, now deceased. Plaintiffs testified that they relied upon Goldner to handle the formalities of copyrighting the song, and that Goldner informed them that only two of the three authors could be listed on the copyright. Subsequently, Goldner filed the *Fools* copyright with the Copyright Office in 1956, listing himself and Lymon as sole co-authors. The Levy Defendants maintain that Goldner was properly listed as an author because he was personally involved in writing and arranging *Fools*. The Levy Defendants also contend that Goldner was a co-author of *Fools* under the "work for hire" doctrine because, during the *Fools* recording session, a saxophone solo composed by a studio musician was incorporated into the song. The jury, however, found that Goldner was not an author of *Fools*.

Sometime in the 1950s Lymon agreed to let Goldner exploit Lymon's interest in the song. In 1968 Lymon died, survived by his wife Emira Lymon.

In 1964, defendant Morris Levy purchased Goldner's interest in several music companies, including the music publishing company that held the copyright for *Fools*. In a letter to the Copyright Office dated June 24, 1965, Goldner stated that Levy, rather than Goldner, had co-authored *Fools* with Lymon. The copyright registration was amended to reflect this statement and, thereafter, the copyright was held by Levy's company, Big Seven Music.[1]

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[1] Plaintiffs state that defendant Roulette Records, Inc., another company owned by Levy, participated in wrongfully withholding from Plaintiffs their interest in the copyright.

Although *Fools* became a hit and continues to be popular today (Diana Ross has recorded a popular version), Plaintiffs have never received any royalties from their claimed co-authorship of *Fools*.

Plaintiffs reached the age of majority in 1961. They testified that on several occasions in the 1960s they contacted Goldner, and then Levy, to inquire about royalty payments, but to no avail. The jury found that Goldner and Levy deliberately concealed from Plaintiffs the accrual of royalties. The jury also found, however, that the only period during which Plaintiffs did *not* know, and could not have known with the exercise of reasonable diligence, that royalties to which they were entitled had accrued lasted from 1955 to 1961, while Plaintiffs were underage.

Plaintiffs also testified that they were afraid of Levy and that this fear made them reluctant to press their claims. Santiago testified that Levy threatened him in 1969, and Merchant testified that Levy threatened to kill him when, in 1977, he inquired about royalties. Plaintiffs assert that Levy was closely affiliated with organized crime and connected to a number of violent incidents. Levy was convicted in the late 1980s on federal extortion charges and sentenced to ten years in prison. The jury found that Levy threatened Plaintiffs with physical force and that Plaintiffs reasonably refrained from commencing suit because of the threats during a period that began in 1969 and lasted until December 24, 1984.[2]

Beginning in the late 1970s, Plaintiffs took various steps in pursuit of their claim, including hiring an attor-

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[2] On that date Plaintiffs' former attorney filed a letter with the Copyright Office challenging the registration of another song allegedly written by Plaintiffs that Goldner had transferred to Levy's name.

ney and investigator to look into the status of the copyright. Plaintiffs did not take formal legal action, however, until 1987.

A. Procedural History

Plaintiffs brought the instant Complaint against the Levy Defendants and Emira Lymon on October 7, 1987.[3] Plaintiffs asked for a declaration that they were co-owners with Lymon of the copyright to *Fools* and for an accounting of royalties. Plaintiffs also alleged copyright infringement, Sherman Act and Lanham Act violations, unfair competition, fraud and misappropriation, and negligence and breach of fiduciary duty. Before trial the District Court (Vincent L. Broderick, Judge) dismissed all claims against Emira Lymon, but allowed the action to proceed against the Levy Defendants.

By agreement of the parties, trial was held in part before a jury and in part before now-Chief Magistrate Judge Buchwald. The jury's findings, as already noted, focused on the issues of authorship, fraudulent concealment, and duress. The parties agreed that, based on the jury's findings, the Court would make final rulings on whether Plaintiffs were entitled to an ownership interest in the *Fools* copyright, and would decide issues relating to the statute of limitations, equitable estoppel, and laches. The Court was also to decide, as fact-finder, whether Plaintiffs were entitled to judgment on their copyright infringement, Lanham Act, and common law unfair competition claims.[4]

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[3] Broadcast Music, Inc. was also initially included as a defendant.

[4] The other law claims had been previously dismissed for various reasons, and are not at issue on this appeal.

After the jury's verdict, the Levy Defendants argued in post-trial motions that they were entitled to a new trial on the co-authorship issue, and to judgment as a matter of law (a) that the doctrines of laches and equitable estoppel barred Plaintiffs' claims and (b) that Plaintiffs were not victims of duress.

The Court denied the Levy Defendants' motion for a new trial on the co-authorship issue, ruling that the jury's findings were well-supported. *Merchant*, 828 F. Supp. at 1058. The Court then granted judgment in favor of the Levy Defendants on the claims of copyright infringement, Lanham Act violations, and unfair competition. *Id.* at 1058-60.

The Court granted Plaintiffs' basic request for a declaration of copyright co-ownership, rejecting the three defenses advanced by the Levy Defendants, all based on the long delay in Plaintiffs' assertion of their claim.

1. *Duress and Statute of Limitations.* The Court interpreted the three-year statute of limitations, applicable to civil copyright actions, 17 U.S.C. § 507(b), as limiting Plaintiffs' recovery to damages accruing within three years of the filing of the suit, rather than as an absolute bar to Plaintiffs' cause of action. *Merchant*, 828 F. Supp. at 1056. The important question for the Court then became whether the statute of limitations had been tolled for any period before the filing of the suit, thereby allowing Plaintiffs to recover damages that accrued even prior to three years before the suit. *Id.*

The Court held that in order to toll a statute of limitations, "the duress experienced by the injured party must have been operating at the time the original cause of action arose and must be continuous." *Id.* at 1061. The Court then found that from 1961, the time the cause

of action arose (after Plaintiffs' majority), until at least 1969, the time of the alleged threat to Santiago, there was no evidence of duress, and therefore Plaintiffs were not entitled to a toll of the statute of limitations. *Id.* at 1061-62. The Court also overturned the jury's finding that Plaintiffs' fear reasonably lasted from 1969 until December 1984. The Court did not identify a specific date beyond which Plaintiffs' fear reasonably could not last, but indicated that any coercive effects dissipated in the late 1970s and early 1980s, when Plaintiffs were publicly acknowledging that Levy had "bilked" them out of their royalties. *Id.* Since the claim of duress was not available to toll the statute of limitations, the Court concluded that Plaintiffs were limited to damages that had accrued within three years of the suit. *Id.* at 1063.

2. *Laches*. Responding to the Levy Defendants' laches defense, the Court, relying on equity's "clean hands" principle, refused to allow the Levy Defendants to profit from their "untoward actions" by asserting laches. *Id.* at 1064.

3. *Equitable Estoppel.* As to equitable estoppel, which requires proof that a defendant was misled into justifiably believing that a plaintiff would not pursue its claims against the defendant, the Court determined that the Levy Defendants offered no evidence that Plaintiffs acted in a manner that justified a belief on the part of the Levy Defendants that their copyright was free from challenge. *Id.*

B. Subsequent Proceedings

The Court subsequently amended its opinion to modify the liability of Windswept, which had intervened after acquiring the rights to *Fools* that Levy had

acquired from Lymon. The Court ruled that Windswept was liable only for damages accruing since February 25, 1990, three years before its intervention. *Merchant v. Lymon*, 848 F. Supp. 29 (S.D.N.Y. 1994).

In the final judgment entered on June 26, 1995, the Court awarded Plaintiffs an undivided one-half interest in the copyright to *Fools*.[5] The Court also ordered the Levy Defendants and Windswept to pay money damages to Plaintiffs.

On this appeal Defendants challenge the District Court's subject matter jurisdiction, and also argue that the District Court erred in not dismissing the action for a declaration of copyright co-ownership as barred by the statute of limitations or laches. Defendants additionally contend that Plaintiffs failed to establish that they are joint authors of *Fools*. Plaintiffs cross-appeal, arguing that the Court should have applied the tolling doctrine of equitable estoppel to allow Plaintiffs to recover damages accruing from 1969 to 1984, the period during which the jury had found that Plaintiffs were subject to duress.

Discussion

I. Subject Matter Jurisdiction

Defendants challenge the Court's subject matter jurisdiction, contending that the Complaint failed to allege a federal cause of action. Specifically, Defendants contend that (1) a claim for a declaration of co-ownership rights

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[5] Although Plaintiffs contended that they were each entitled to a one-third share of the *Fools* copyright, the Court determined that only the one-half share of the copyright owned by the Levy Defendants at the commencement of the action was available as a joint remedy for Plaintiffs, since Emira Lymon previously had been dismissed from the suit.

to a copyright is not a federal cause of action, and (2) Plaintiffs' other allegations based on federal law failed to state a proper claim. We reject both contentions.

Federal courts have exclusive original jurisdiction over actions arising under the federal copyright laws. *See* 28 U.S.C. § 1338(a). As Judge Friendly has explained, an action "arises under" the copyright laws "if the complaint is for a remedy expressly granted by the [Copyright] Act, . . . or asserts a claim requiring construction of the Act . . . or, at the very least and perhaps more doubtfully, presents a case where a distinctive policy of the Act requires that federal principles control the disposition of the claim." *T.B. Harms Co. v. Eliscu*, 339 F.2d 823, 828 (2d Cir. 1964), *cert. denied*, 381 U.S. 915 (1965). Plaintiffs' action seeking to establish their rights to copyright co-ownership because of their status as co-authors of a joint work falls well within these jurisdictional boundaries.

The Copyright Act provides that "[c]opyright in a work protected under this title vests initially in the author or authors of the work. The authors of a joint work are co[-]owners of copyright in the work." 17 U.S.C. § 201(a).[6] Unlike a case where a dispute as to copyright ownership arises under an agreement between the parties, resolution of which depends on state contract law, *see, e.g., Keith v. Scruggs*, 507 F. Supp. 968, 971

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[6] Plaintiffs' right to co-ownership of the *Fools* copyright is technically determined by reference to the Copyright Act of 1909, Pub. L. No. 60-349, ch. 320, 35 Stat. 1075 (1909), rather than the Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 (1976) (codified at 17 U.S.C. § 101 *et seq.* (1994)), since *Fools* was created and copyrighted before the 1976 Act went into effect, *see Roth v. Pritikin*, 710 F.2d 934, 938 (2d Cir.), *cert. denied*, 464 U.S. 961 (1983). However, because there is no material difference between the two Acts for the purposes of our analysis or result, for ease of reference we cite to the present Act, unless otherwise specifically noted.

(S.D.N.Y. 1981), copyright ownership by reason of one's status as a co-author of a joint work arises directly from the terms of the Copyright Act itself. Because disposition of this case "involves the application and interpretation of the copyright ownership provisions . . . federal jurisdiction . . . [is] proper." *Goodman v. Lee*, 815 F.2d 1030, 1031-32 (5th Cir. 1987); *see Lieberman v. Estate of Chayefsky*, 535 F. Supp. 90, 91 (S.D.N.Y. 1982); *see also* 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright*, § 12.01[A] at 12-13 (1994) ("*Nimmer*") ("better view" that "in an action for a declaratory judgment to establish the plaintiff as the defendant's co-author and for an accounting based thereon, . . . federal jurisdiction is exclusive" (footnotes omitted)).

Defendants agree with Judge Friendly's formulation of the scope of federal jurisdiction, but contend that since neither "author," "joint author," nor "joint work" are defined in the Copyright Act of 1909, the resolution of Plaintiffs' claim does not depend on a construction of the copyright laws.[7] This argument is without merit. Defendants are under the mistaken impression that courts "construe" only those terms already defined in a statute. Windswept raises the additional contention that only the factual determination of whether Plaintiffs participated in composing the song is at issue in this case, and therefore construction of the copyright statute is not required. We disagree. Defendants offer a number of arguments as to why Plaintiffs' contribution to the song is legally insufficient to make them joint authors (such as whether Plaintiffs' contribution was sufficiently original), and why Goldner's contribution sufficed to make

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[7] Although the Copyright Act of 1976 also does not define either "author" or "joint author," it contains a definition of "joint work." 17 U.S.C. § 101.

him a joint author (for example, based on the "work for hire" doctrine, 17 U.S.C. § 201(b)). The resolution of these arguments involves construing the Act. *See, e.g., Childress v. Taylor*, 945 F.2d 500, 505-09 (2d Cir. 1991).

Since the District Court's subject matter jurisdiction over Plaintiffs' claim for a declaration of copyright co-ownership is sufficient to confer jurisdiction over the entirety of Plaintiffs' Complaint, there is no need to consider Defendants' jurisdictional attack on Plaintiffs' other claims. Nevertheless, to the extent that Defendants are contending that other claims were not properly pleaded as federal claims, we note that as a general rule "the failure to state a proper cause of action calls for a judgment on the merits and not for a dismissal for want of jurisdiction." *Bell v. Hood*, 327 U.S. 678, 682 (1946).

II. Statute of Limitations

We come finally to the dispositive issue. Plaintiffs filed the instant suit in 1987, primarily seeking a declaration of their copyright ownership rights and an accounting of profits. Civil actions under the Copyright Act are subject to a three-year statute of limitations. 17 U.S.C. § 507(b). Defendants argue that since Plaintiffs did not institute suit for a declaration of copyright co-ownership within three years of the accrual of their claim, they are now time-barred.

A cause of action accrues when a plaintiff knows or has reason to know of the injury upon which the claim is premised. *Stone v. Williams*, 970 F.2d 1043, 1048 (2d Cir. 1992), *cert. denied*, 508 U.S. 906 (1993). The jury found that Plaintiffs were charged with knowledge of their claim as of 1961, the year they attained the age of majority. Thus, Plaintiffs' claim accrued in 1961, but

they did not initiate suit until 26 years later. Though Plaintiffs contend on appeal that the statute was tolled, the basis for such tolling, duress, did not arise until 1969, ending in 1984. By 1969, however, the three-year statute of limitations had long since expired.

The District Court nevertheless awarded Plaintiffs a declaration of co-ownership rights and damages for a time period beginning three years before the commencement of their suit. The Court relied on our decision in *Stone*, *supra*. That decision, however, which was based on "highly idiosyncratic facts," 3 *Nimmer*, *supra*, § 12.05 at 12-108 n.2.2, does not insulate all civil actions under the copyright law from the general three-year statute of limitations. Rather, *Stone* stands for the narrow proposition that, in certain situations, the statute of limitations will not be applied to defeat the copyright co-ownership claim of an author's relative accruing more than three years before the lawsuit where uncertainty surrounded the relative's status as a member of the author's family. Instead, if the relative prevails on the merits and if the equities permit, the Court will grant the relative a declaration of copyright co-ownership, but permit damages only for the period starting three years prior to the suit. *See Stone*, 970 F.2d at 1051.

Unlike *Stone*, where the copyright co-ownership claim was based on plaintiff's uncertain status as an heir, no similar uncertainty exists as to co-ownership rights based on co-authorship. A co-author knows that he or she jointly created a work from the moment of its creation. Accordingly, the concerns motivating our decision in *Stone* are not present here. We hold that plaintiffs claiming to be co-authors are time-barred three years after accrual of their claim from seeking a declaration of copyright co-ownership rights and any remedies that

would flow from such a declaration. *See Zuill v. Shanahan*, 80 F.3d 1366, 1369 (9th Cir. 1996). Our conclusion promotes the principles of repose integral to a properly functioning copyright market.[8] Plaintiffs' suit is therefore barred by the statute of limitations, and we need not discuss the other issues advanced by the parties. The judgment of the District Court is reversed, and the case is remanded with directions to dismiss the complaint.

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[8] We note that Plaintiffs' cause of action is not based on copyright infringement, a point Plaintiffs do not contest on appeal. Our holding here does not disturb our previous rulings that a copyright owner's suit for infringement is timely if instituted within three years of each infringing act for which relief is sought, but recovery is barred for any infringing acts occurring more than three years prior to suit. *See, e.g., Stone*, 970 F.2d at 1049-50 (citing *Mount v. Book-of-the-Month Club, Inc.*, 555 F.2d 1108, 1110-11 (2d Cir. 1977)).

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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87 Civ. 7199 (VLB)(NRB)
Filed June 26, 1995

JIMMY MERCHANT and HERMAN SANTIAGO,

Plaintiffs,

—against—

EMIRA LYMON, MORRIS LEVY, BIG SEVEN MUSIC CORP., ROULETTE RECORDS, INC., and BROADCAST MUSIC, INC.,

Defendants.

JUDGMENT

A trial of the issue of liability having been held in part before a jury and in part before the Court, from November 10-16, 1992, and the jury having answered special verdict questions, and the Court having rendered its decision on July 23, 1993 (828 F. Supp. 1048), and the parties having waived their rights to a jury trial on the remaining issue of damages, and a trial having been held before this court on November 14 and 15, 1994, and the Court having rendered its decision in writing on April 10, 1995, it is

ORDERED, ADJUDGED AND DECREED, that plaintiffs Jimmy Merchant and Herman Santiago are co-authors with Frank Lymon of the musical composition "Why Do Fools Fall

in Love?" (hereinafter "Fools") and as such plaintiffs own an undivided one-half interest in and to the copyright in "Fools," and it is further

ORDERED, ADJUDGED AND DECREED that plaintiffs Jimmy Merchant and Herman Santiago have judgment against defendant Morris Levy and/or his Estate, Big Seven Music Corp. and Roulette Records, Inc., in the amount of $245,155.00 plus pre-judgment interest thereon at the 52 week T-Bill rate compounded annually from September 21, 1988 to May 20, 1995 in the total amount of $110,284.72 for a total judgment in the amount of $355,439.72 plus post-judgment interest from May 20, 1995, and it is further

ORDERED, ADJUDGED AND DECREED that plaintiffs Jimmy Merchant and Herman Santiago have judgment against defendant Windswept Pacific Co. in the amount of $209,293.00 plus prejudgment interest thereon at the 52 week T-Bill rate compounded annually from September 30, 1994 to May 20, 1995 in the total amount of $7,004.34 for a total judgment in the amount of $216,297.33 plus post-judgment interest from May 20, 1995 pursuant to 28 U.S.C. § 1961.

DATED: New York, New York
June 19, 1995

/s/ NAOMI REICE BUCHWALD
NAOMI REICE BUCHWALD
CHIEF MAGISTRATE JUDGE

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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87 Civ. 7199 (VLB)(NRB)

JIMMY MERCHANT and HERMAN SANTIAGO,

Plaintiffs,

—against—

EMIRA LYMON, MORRIS LEVY, BIG SEVEN MUSIC CORP., ROULETTE RECORDS, INC., and BROADCAST MUSIC, INC.,

Defendants.

OPINION

NAOMI REICE BUCHWALD
CHIEF MAGISTRATE JUDGE

After a five-day trial in the above-captioned action, held from November 10, 1992 through November 16, 1992, a jury returned a special verdict finding that plaintiffs Jimmy Merchant and Herman Santiago were co-authors, with Frank Lymon, of the hit song *Why Do Fools Fall in Love?* ("*Fools*").[1] In addition, the jury found that plaintiffs were prevented from commencing a lawsuit for copyright royalties

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[1] On September 25, 1992, both parties consented to the jurisdiction of a United States Magistrate Judge for all purposes pursuant to 28 U.S.C. § 636(c) and Fed. R. Civ. P. 73.

because of a reasonable fear of retribution lasting from 1969 until December 24, 1984.

Thereafter, on December 15, 1992, defendants Levy, Big Seven Music Corp., and Roulette Records, Inc. (collectively referred to as the "Levy defendants")[2] filed a multi-faceted post-trial motion. Of particular relevance here was their application for judgment as a matter of law pursuant to Fed. R. Civ. P. 50 on the ground that plaintiffs were not entitled to a tolling of the statute of limitations as a matter of law, or alternatively, for the entirety of the period found by the jury. In an Opinion dated July 22, 1993 (the "July 22 Opinion"), this Court granted defendants' motion in relevant part. *See Merchant v. Lymon*, 828 F. Supp. 1048 (S.D.N.Y. 1993). Specifically, we held that duress must constitute an integral part of the cause of action in order to justify a tolling of the statute of limitations. Alternatively, we found that the jury's verdict was not supported by the evidence. Furthermore, based on the Copyright Act's statute of limitations, 17 U.S.C. § 507(b), we held that plaintiffs could only recover for damages accruing within three years of October 7, 1987, the day that plaintiffs filed their complaint. *See Stone v. Williams*, 970 F.2d 1043, 1051 (2d Cir. 1992), *cert. denied*, 113 S. Ct. 2330 (1993).

On January 7, 1993, Windswept Pacific Entertainment Co. ("Windswept"), which acquired ownership of the *Fools* copyright in 1988, moved to intervene for all purposes under Fed. R. Civ. P. 24(a). Plaintiffs consented to Windswept's application. On February 25, 1993, Windswept filed its answer, pursuant to leave granted on February 4, 1993. Windswept now moves for this Court to amend its July 22 Opinion to state explicitly that Windswept is only liable for damages accruing since February 25, 1990, three years before its intervention in this action.

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[2] Judge Broderick dismissed defendants Broadcast Music, Inc. and Elmira Lymon from this action on February 2, 1992 and April 15, 1992, respectively.

DISCUSSION

For reasons unknown to us, plaintiffs never sought to join Windswept as a defendant even though they knew that Windswept had acquired ownership of the *Fools* copyright after their complaint was filed.[3] In fact, to this date, plaintiffs have offered no explanation for their failure to join Windswept in a timely manner. Rather, in opposing this motion, plaintiffs' position is that Windswept was at fault for failing to intervene sooner. (Pls.' Mem. Opp. Mot. of Def. Windswept at 4-6.)

We reject plaintiffs' contention. Responsibility for failure to join Windswept must be placed squarely with plaintiffs. The Copyright Act specifically states that "[r]ecordation of a document in the Copyright Office gives all persons constructive notice of the facts stated in the recorded document. . . ." 17 U.S.C. § 205(c). *See generally* 3 Nimmer on Copyright § 10.07, 10-51 - 10-70 (1993) ("Recordation of Transfers"). For a small fee, plaintiffs could have requested that the Copyright Office conduct a search for the current owner of the *Fools* copyright. 17 U.S.C. § 705(c).[4] Such a search would have revealed a recorded transfer of copyright interest to Windswept on October 14, 1988. Because plaintiffs had the knowledge and capacity to join Windswept in a timely fashion, there is no reason that the calculation of the limitations period ought not to run from the date that Windswept became a party to the action.

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[3] Plaintiffs' counsel was present at pre-trial conferences at least as early as May 4, 1992 where the fact that Big Seven Music Corp. had sold the *Fools* copyright to Windswept was specifically discussed.

[4] This section provides that

> Upon request and payment of the fee specified by section 708, the Copyright Office shall make a search of its public records, indexes, and deposits, and shall furnish a report of the information they disclose with respect to any particular deposits, registrations, or recorded documents.

CONCLUSION

Based on the statute of limitation applicable in copyright cases, Windswept is liable only for damages accruing since February 25, 1990. Defendant's motion is granted.

IT IS SO ORDERED.

DATED: New York, New York
March 22, 1994

/s/ NAOMI REICE BUCHWALD
NAOMI REICE BUCHWALD
CHIEF MAGISTRATE JUDGE

Copies of the foregoing Opinion have been mailed on this date to the following:

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

87 Civ. 7199 (VLB) (NRB)

JIMMY MERCHANT AND HERMAN SANTIAGO,

Plaintiff,

—against—

EMIRA LYMON, as Widow and Administratrix of the Estate of FRANK LYMON, MORRIS LEVY, BIG SEVEN MUSIC CORP., ROULETTE RECORDS, INC., and BROADCAST MUSIC, INC.,

Defendants.

OPINION

NAOMI REICE BUCHWALD
UNITED STATES MAGISTRATE JUDGE

This litigation is primarily an action for a declaration of rights to the copyright of the hit song *Why Do Fools Fall in Love?* ("*Fools*"). In their complaint, filed in 1987, plaintiffs claim, *inter alia*, that the copyright registration, as filed and as amended, inaccurately attributes authorship credit for *Fools* and that they are co-authors of the song with Frank Lymon. As co-authors, each plaintiff asserts a claim to an ownership share of the *Fools* copyright and a proportionate share of the royalties earned from its exploitation.

Plaintiffs are two of the original members of the singing group, Frankie Lymon and the Teenagers—comprised also of Lymon, Joe Negroni and Sherman Garnes, each now

deceased—who in 1956 recorded *Fools* for Gee Records, then owned and operated by George Goldner, also now deceased. Contemporaneously with the recording of *Fools*, Goldner allegedly informed plaintiffs that he would handle the formalities of copyrighting the song, and, later, that only two of the three authors could be listed on the copyright. Subsequently, Goldner filed the *Fools* copyright with the Copyright Office in 1956, initially listing himself and Lymon as sole co-authors.[1] In the years between the release of *Fools* and the initiation of the current lawsuit, plaintiffs inquired about their interest in *Fools* on a number of occasions, but took no formal legal action until the filing of this lawsuit.

Prior to the parties consenting to trial before a United States Magistrate Judge, the defendants moved for summary judgment predicated on various affirmative defenses arising from plaintiffs' delay in bringing this action. Of particular relevance here are defendants' arguments that plaintiffs' claims are barred by the statute of limitations and the doctrines of laches and equitable estoppel. Plaintiffs countered that they were entitled to a tolling of the statute of limitations due to the defendants' fraudulent concealment and exercise of duress over plaintiffs. Specifically, plaintiffs maintain that Levy told them that they were owed nothing and, on two occasions, that if they persisted in their inquiries he would have them killed. In addressing these arguments, Judge Broderick identified four salient factors concerning plaintiffs' delay:

> (1) plaintiffs' lack of sophistication about the music business, including the fact that plaintiffs were 15 at the time they recorded *Fools* and both had limited education;

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[1] In 1964, defendant Morris Levy purchased Goldner's interest in several music companies, including Gee Records and Patricia Music, a music publishing company which held the copyright for *Fools*. On June 24, 1965, Goldner stated in a letter to the Copyright Office that Levy, rather than Goldner, had co-authored *Fools* with Lymon. The copyright registration was amended to reflect this statement and, thereafter, the copyright was held by Levy's company, Big Seven Music Inc. Levy, Big Seven Music Inc. and Roulette Records, Inc., another company owned by Levy, are referred to collectively as "the Levy defendants".

(2) fraud perpetrated against plaintiffs by George Goldner, Morris Levy and their affiliates concerning the ownership of the *Fools* copyright; (3) fear that pressing their claims could result in violence from Morris Levy; and, (4) the fact that plaintiffs, even taking into account all of the above factors, clearly slept on their rights.

Memorandum Order dated April 15, 1992 at p.6 (the "April 15 Order), reaffirmed on September 18, 1992, (the "September 18 Order").

With respect to whether the doctrine of fraudulent concealment tolled the running of the statute of limitations, the court found that genuine issues of material fact existed as to whether Goldner, Levy and their affiliates deliberately concealed from plaintiffs the existence of plaintiffs' cause of action and deliberately diverted the *Fools* royalties. April 15 Order at 8. The court also found that factual issues existed as to when plaintiffs knew or should have known that they were being defrauded. *Id.*

Addressing the issue of whether plaintiffs were entitled to a duress tolling to the statute of limitations because of their fear that Levy would retaliate to a lawsuit with violence, Judge Broderick held, as an initial matter, that recognition of the duress toll was consistent with the purposes of the Copyright Act and that New York, as the forum state, provided the relevant rule of decision. The court noted that, under New York law, a duress tolling was only applicable where "duress is part of the cause of action alleged." *Id.* at 11 (citation omitted). Applying this restriction, the court postulated that the entire course of the 37 year relationship between the parties and the manner in which plaintiffs assert that title to the *Fools* copyright was acquired by the defendants "suggests a continuing pattern of duress which was directed not only toward preventing plaintiffs from suing, but toward allowing defendants to acquire and hold title to the *Fools* copyright." *Id.* at 15. Therefore, despite the fact that plaintiffs asserted no claims which explicitly had duress or coercion as an element, the court found that a factual question existed as to whether "the duress which may have been exercised by the defendants

was so integrally related to the plaintiffs cause of action as to toll the statute." *Id.*

Next, Judge Broderick turned to defendants' assertion of laches and equitable estoppel against plaintiffs. With respect to the doctrine of laches the court balanced plaintiffs' delay against the prejudice suffered by the defendants by virtue of the delay and found that, due to the wrongful conduct of Goldner and the Levy defendants, there was a genuine issue of material fact as to whether plaintiffs' suit was timely commenced. *Id.* at 15. Similarly, the court found that a factual question existed as to whether the Levy defendants' wrongful conduct precluded their assertion of an equitable estoppel defense. Accordingly, the court denied the Levy defendants' motion for summary judgment.

Having previously dismissed the claims against defendant Broadcast Music Inc. on February 5, 1992, the court held that the justifications for plaintiffs' delay had no application to their claims against Emira Lymon—Frank Lymon's widow and, as such, the successor to his copyright interest. Consequently, the only remaining named defendants in the action are the Levy defendants.[2]

Factual Background

Trial of the liability issues was held, in part, before a jury and, in part, before the Court from November 10 – 16, 1992.[3]

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[2] After the trial, Windswept Pacific Entertainment Co. ("Windswept"), the current owner of the entire *Fools* copyright, intervened without opposition for all purposes under Fed. R. Civ. P. 24 (a), *inter alia*, asserting the affirmative defenses of laches and estoppel, requesting to be heard as a defendant with respect to fashioning any relief in favor of plaintiffs, and joining in the Levy defendants' post trial motions.

[3] At a conference on November 9, 1993 the parties agreed to use a special verdict form addressed to the factual issues in the case. The special verdict form was designed to limit the number of legal issues on which the jury would be charged. As a result, the special verdict questions focused on the issues of authorship, fraudulent concealment and duress. Based on the jury's responses, the court was left to determine

On behalf of plaintiffs the following witnesses testified: plaintiffs themselves; Kenneth Bobo, a some time member of The Teenagers; Gigi Merchant, plaintiff Merchant's sister; Herbert Cox, a performer with The Cleftones, a singing group; Philip Groia, a writer; and Elder Henix. Plaintiffs also introduced deposition testimony of Levy who had died in the late 1980's, subsequent to the filing of this lawsuit. Defendants called four witnesses: Philip Kahl, a former employee of Patricia Music; Jeri Spencer; Emira Lymon; and Howard Fisher, former controller of Roulette Records.

The factual issues presented at trial, as narrowed by the April 15 Order, can be placed into two broad categories. First, as noted above, the parties disputed whether the copyright certificate filed with the Copyright Office, and later amended, accurately reflected the authorship of *Fools*. Plaintiffs claimed that, despite Goldner's listing as a co-author on the original copyright, he made no contribution to the writing of *Fools*, and rather that plaintiffs co-wrote the song with Lymon. Second, the parties disputed whether plaintiffs were justified in waiting approximately twenty-six years from the time they reached majority under New York law in 1961 until December 14, 1987 to pursue their claims. A review of the trial testimony will be helpful in placing these disputes and the jury's verdict in context.[4]

Plaintiffs testified that in April of 1955, Santiago, Merchant, Garnes and Negroni formed a singing group, eventually known as The Teenagers, that rehearsed at a local junior high school and at other locations around Washington Heights. At first, the group sang popular songs written by other musi-

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whether plaintiffs were entitled to an ownership interest in the *Fools* copyright, whether plaintiffs were entitled to judgment on their copyright infringement, Lanham Act and common law unfair competition claims and whether plaintiffs were equitably estopped from bringing their lawsuit. In addition, the Levy defendants' equitable defense of laches was tried to the court.

[4] Although, at the Court's request, the Levy defendants provided excerpts from the trial transcript neither party has been inclined to order a full transcript. Consequently, the Court has relied largely on its own notes to reconstruct the testimony.

cians, but they later began to create their own music. Inspired by love letters given to the group by a neighbor, plaintiffs, neither of whom had any formal musical training, developed the melody and lyrics for *Fools*, a song that the group initially called *Birds Sing So Gay*. In the original arrangement of *Fools*, Santiago sang the lead voice and the other group members sang back up. Three witnesses for plaintiff, Gigi Merchant, Howard Bobo and Elder Henix, testified that they heard the original four group members rehearse *Birds Sing So Gay* prior to Lymon's joining the group. Not until June of 1955, approximately two months after the plaintiffs began to write and rehearse this early version of *Fools*, did Lymon join the group.

Due in part to Lymon's presence, a member of another local singing group introduced The Teenagers to Goldner, who invited them to audition in September of 1955 at Gee Records. After hearing the group perform *Fools*, Goldner suggested that the group rehearse the song with Lymon replacing Santiago as the lead singer. In December of 1955, the group returned to Gee Records' studios and, accompanied by a band of studio musicians, recorded *Fools*. At the time *Fools* was recorded, plaintiffs were fifteen years old and Lymon was twelve.

The parties offer slightly different, but not inconsistent, versions of the events that led up to the writing and recording of the final version of *Fools*. According to Santiago, Lymon made significant embellishments to the song during the time between the audition and recording session, which included, among other changes, adjusting the song to suit Lymon's vocal range. Plaintiffs assert that their documentary evidence, the original record label and an unsigned Standard Uniform Popular Songwriters Contract (Exhibit 1) listing Santiago as well as Lymon and Goldner as authors, corroborates their testimony. Plaintiffs also testified that at about the time *Fools* was recorded, Goldner told plaintiffs that he would handle the registration of the song's copyright but that only two names could appear on the registration form. Plaintiff testified that they chose to include the names of the two lead singers—Lymon and Santiago—thus accounting for the absence of Merchant's name from these exhibits.

Relying largely on documentary evidence and what they argue is the inherent incredibility of plaintiffs' testimony, the Levy defendants maintain that Goldner was personally involved in the writing and arranging of *Fools*. In support of their position defendants submitted the copyright registration and renewals, and contemporaneous advertisements and promotional materials indicating that Lymon and Goldner were the sole co-authors of *Fools*. Furthermore, defendants argued that the lengthy saxophone solo in *Fools* was composed during the recording session by Jimmy Wright, a studio musician in the employ of Gee Records. Therefore, the Levy defendants conclude, Goldner was an author under the "work-for-hire" doctrine as well.

As indicated by the answers to Special Verdict Questions 1-3, the jury resolved the issue of authorship in favor of plaintiffs, finding that Santiago and Merchant, in conjunction with Lymon, were co-authors of *Fools*. Furthermore, the jury rejected both of defendants' theories—that Goldner was an author either through his personal involvement or under the work-for-hire doctrine.

The remainder of the evidence at trial focused on whether plaintiffs were justified in waiting approximately twenty-six years to pursue their claims.[5] Plaintiffs testified that on several occasions during this time, beginning in the early 1960's, they, either personally or through professional advisors, attempted to collect royalties from Levy that they believed were due. Each one of the inquiries was met with a refusal on Levy's part to pay such royalties.

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[5] As noted above plaintiffs were both fifteen years old at the time *Fools* was recorded. During their minority years, plaintiffs received a weekly allowance from the Levy defendants when The Teenagers were performing. In addition, a trust fund was established and a guardian *ad litem* was appointed to administer a trust in which additional performance royalties and other monies were to be deposited for the benefit of plaintiffs. Upon reaching majority age, in 1961, each plaintiff received approximately $1,000 from his trust fund. The parties do not dispute that, under New York law, plaintiffs were entitled to a tolling of the statute of limitations until they reached majority age. Consequently, it is undisputed that plaintiffs' delay in bringing their lawsuit could not have begun until 1961.

Plaintiffs testified that, initially, Levy's refusals amounted to an ambiguous blanket statement that "there was no money for them." However, in two instances when they went to collect the money that they believed Levy owed them, Levy threatened plaintiffs with physical violence. Specifically, Santiago testified—for the first time at trial—that in 1969 he went to Levy's office, accompanied by Garnes, and Levy threatened to kill him. Merchant testified—as he had done at his deposition and in an affidavit filed in opposition to defendants' motion for summary judgment—that in 1977 he, too, went to Levy's office accompanied by Garnes to ask for money. According to Merchant, during that visit Levy told Merchant and Garnes to leave his office or he would have them killed. Plaintiffs testified that, as a result of these threats and their belief that Levy had ties to organized crime, they were afraid to file a lawsuit against Levy until December of 1987.

In response, defendants denied that Levy made these threats and contested whether plaintiffs' claimed fear of violence, in fact, prevented them from taking legal action against Levy. Defendants pointed out that prior to 1987 plaintiffs took numerous steps to pursue their claims against Levy as to *Fools* as well as to other songs. Included in these steps was the hiring of an attorney who, in 1984, unsuccessfully challenged Levy's renewal of the copyright to another song, entitled *I Want You to be My Girl*.

As indicated by the answers to Special Verdict Questions 4-11, the jury found that, although Goldner and Levy deliberately concealed from plaintiffs the accrual of royalties from *Fools*, each plaintiff knew or should have known that royalties to which they believed they were entitled had accrued. In addition the jury found that: each plaintiff had been threatened by Levy; each plaintiff feared that Levy would carry out his threats; each plaintiff's fear was reasonable; and each plaintiff's fear lasted until December 24, 1984, the date plaintiffs' former attorney filed a letter with the Copyright Office challenging the registration of *I Want You to be My Girl*. Special Verdict Questions 12-19.

Implications of The Jury's Findings

As a threshold matter, plaintiffs seek declaratory relief establishing that they are co-authors of *Fools* and, therefore, are co-owners of its copyright. In addition, although inartfully constructed, the Complaint states a claim for further relief for the deprivation of the remunerative benefit flowing from this ownership.

Obviously the jury's first findings relate to the plaintiffs' claims of authorship. As a general rule, copyright ownership vests initially in the author or authors of the work. 1 Melville B. Nimmer & David Nimmer, Nimmer on Copyright § 5.01[B] (1992) (hereinafter "Nimmer"). *See also* 17 U.S.C. § 201(a) (1988). Copyright ownership entitles the holder to the exclusive benefit from the exploitation of the underlying work. *Stone v. Williams*, 970 F.2d 1043, 1051 (2d Cir. 1992), *cert. denied*, 124 L. Ed.2d 243 (1993) ("*Stone III*"). Thus, plaintiffs appropriately seek damages for the Levy defendants' failure to remit to plaintiffs their proportionate share of royalties received from the exploitation of *Fools*. *Cf. Stone III*, 970 F.2d at 1051. Alternatively, plaintiffs seek the imposition of a constructive trust, a remedial device imposed in favor of one entitled to property that is wrongfully withheld, which is the equitable analogy to a legal action for an accounting or for damages. *See Stone III*, 970 F.2d at 1051-52.

Once authorship is determined, the issue of whether plaintiffs were justified in delaying the filing of this lawsuit becomes relevant. Extrapolating from the jury's conclusion that plaintiffs were prevented from filing a lawsuit against the Levy defendants because of their reasonable fear of retribution, plaintiffs contend that they are entitled to a tolling of the statute of limitations for the period of time during which the fear operated. Application of this toll to the Copyright Act's statute of limitations would entitle plaintiffs to recovery, not only for damages accruing within three years of suit, *Stone III*, 970 F.2d at 1051, but also for damages accruing back to 1969, when the jury found that plaintiffs' reasonable fear first arose.

The Levy Defendants' current motions challenge these results, arguing that the defendants are entitled to a new trial on the issue of authorship, to judgment as a matter of law that the doctrines of laches and equitable estoppel bar plaintiffs' claims, to judgment as a matter of law that plaintiffs did not suffer duress; and finally, to a new trial because the court erroneously admitted certain evidence of Levy's "mafia connections" and certain "bad act" evidence related to Goldner. In addition, each party moves for judgment on the claims arising under the Lanham Act and common law unfair competition.[6] I will address each motion in turn.

Discussion

The Levy Defendants Rule 59 Motion for a New Trial on the Issue of Authorship.

Pursuant to Fed. R. Civ. P. 59, the Levy defendants move to set aside the jury's findings that plaintiffs' co-authored *Fools* with Lymon and that Goldner was not an author either through his personal contribution or the work for hire doctrine.[7] A court may, in its sound discretion, set aside a jury verdict and grant a new trial on the grounds that the verdict is against the clear weight of the evidence or will result in a

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[6] Plaintiffs also cross-move for judgment that each plaintiff receive equal ownership shares, or one-third, of the *Fools* copyright. On the basis of the September 18 Order, we deny plaintiffs' motion. After finding that all of the plaintiffs' claims against Emira Lymon were barred by laches, Judge Broderick ordered a trial of the issues involving plaintiffs and the Levy defendants. Because the Levy defendants' interest related to only one-half of the Fools copyright, the plaintiffs' relief is limited to that ownership share.

[7] Rule 59(a) enables a party to move for a partial new trial limited to discrete issues. *See Brooks v. Brattleboro Memorial Hosp.*, 958 F.2d 525, 530-531 (2d Cir. 1992) (citing *Crane v. Consolidated Rail Corp.*, 731 F.2d 1042, 1050 (2d Cir.), *cert. denied*, 469 U.S. 854 (1984). *But cf. id.* (partial new trial may not properly be resorted to unless it clearly appears that the issue to be retried is so distinct and separable from the others that a trial of it alone may be had without injustice) (citation omitted).

miscarriage of justice, even though there may be substantial evidence in support of the verdict. *Song v. Ives Labs., Inc.*, 957 F.2d 1041, 1047 (2d Cir. 1992); *Bevevino v. Savdiari*, 574 F.2d 676, 684-685 (2d Cir. 1978).

While the court should examine the character of the evidence and the complexity of the legal issues involved, it should not set aside the verdict merely because the court would have come to a different conclusion had it been the trier of fact. *Bevevino*, 574 F.2d at 685; *Wade v. Orange County Sheriff's Office*, 690 F. Supp. 176, 178 (S.D.N.Y. 1987), *aff'd*, 844 F.2d 951 (2d Cir. 1988). Nor should the trial court encroach on the jury's role as the primary finder of fact and set aside the verdict unless it is quite clear that the jury's conclusions were egregious. *Bevevino*, 574 F.2d at 684, 686 n.29. However, when the verdict stems primarily from a jury's evaluation of a witness' credibility, a verdict will rarely be egregious. *Cf. Dunlap-McCuller v. Riese Org.*, 980 F.2d 153, 158 (2d Cir. 1992). With this strict standard in mind, we examine the evidence supporting the jury's finding that the plaintiffs were co-authors of *Fools*, and that Goldner was not.

An author is defined as the person, or one of two or more persons, who has made a copyrightable contribution to the creation of the work. *Childress v. Taylor*, 945 F.2d 500 (2d Cir. 1991). First, the Levy defendants attack the finding that plaintiffs' coauthored *Fools* because such a finding is contrary to the documentary evidence, and that plaintiffs' testimony on the issue was simply incredible. In addition to the copyright registrations and renewals, an album label from Gee Records and an article in the June, 1956 edition of Hit Parade Magazine listing Goldner and Lymon as the sole co-authors of *Fools*, the Levy defendants submitted two letters dated July 11, 1984 and December 24, 1984, from plaintiffs' former attorney, who also at one time represented Emira Lymon, to the Copyright Office relating to the misregistration of other songs, but not *Fools*.[8]

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[8] Plaintiffs' explanation for their former attorney's conduct in relation to the challenge to the registration of *Fools* focused on an agreement allegedly made between Emira Lymon and plaintiffs. In 1984, Emira

Plaintiffs, on their part, offered explanations for each of the documents submitted by the Levy defendants, plaintiffs' exhibits 1 and 3 listing Santiago as an author, and extensive and largely uncontradicted testimony from several witnesses concerning plaintiffs' involvement in the writing of *Fools* prior to Lymon's joining The Teenagers. Essentially, the Levy defendants ask the Court to review the jury's determination that the plaintiffs, and the witnesses who testified on their behalf, were credible. However, the jury heard the conflicting testimony and were free to determine which witnesses to believe. Recognizing that a jury's assessment of credibility should rarely be disturbed, *Dunlap-McCuller*, 980 F.2d at 158, and in light of the substantial evidence presented by plaintiffs in support of their authorship claims, we cannot say that the jury's findings were egregious. Therefore, we find no basis upon which to set aside the answers to Special Verdict Questions 1 and 2.

Conceding that Goldner's personal involvement in the writing of *Fools* was fairly subject to resolution either way, the Levy defendants next argue that the jury's rejection of his authorship under the work for hire doctrine was against the great weight of the evidence. Although the author is generally the party who actually creates the copyrightable work, the Copyright Act of 1909 provides: "the word 'author' shall include an employer in the case of works for hire. *Id.* § 62; *Community For Creative Non-Violence v. Reid*, 490 U.S. 730, 743-744 (1989). *See also* 17 U.S.C. § 201(b). Unlike the later Copyright Act, 17 U.S.C § 101, the 1909 Act left the definition of "employer" and "work-for-hire" to the courts. *Reid*, 490 U.S. at 744. However, the employee must still satisfy the statute's requirements for co-authorship. Thus, in order to

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Lymon sued Levy, claiming that she was the sole owner of the *Fools* copyright, and that Levy had failed to pay authorship royalties to Lymon's estate. Plaintiffs assert that in exchange for their testimony about the writing of *Fools*, Emira Lymon agreed to give each plaintiff a one-third ownership share. Emira Lymon denies that such an agreement existed and the Levy defendants supplement her denial by contending that it is illogical to believe that Emira Lymon would share her interest with plaintiffs based merely on their word that they had co-authored *Fools*.

establish Goldner's co-authorship of *Fools* through the work-for-hire doctrine, the Levy defendants must establish that Jimmy Wright, a studio musician hired by Goldner, was a co-author of *Fools*, and that Wright was an "employee" as defined by the copyright laws.

Addressing the threshold requirement that Wright is a co-author of *Fools*, the Levy defendants must demonstrate that he made a copyrightable contribution to *Fools*, the parties intended to regard themselves as joint authors. *Childress*, 945 F.2d at 507-508. Defendants failed to make this showing. At trial, the Levy defendants adduced no evidence that the saxophone interlude amounted to more than an "incidental" musical change. *Cf. Picture Music, Inc. v. Bourne, Inc.*, 314 F. Supp. 640, 647 (S.D.N.Y. 1970), *aff'd on other grounds*, 457 F.2d 1213 (2d Cir.), *cert. denied*, 409 U.S. 997 (1972). *See also Childress v. Taylor*, 1990 U.S. Dist. LEXIS, 15969, *13 (S.D.N.Y. 1990), *aff'd*, 945 F.2d 500 (2d Cir. 1991). The only characterization concerning Wright's contribution to *Fools* came from plaintiffs' testimony that the solo was merely an arrangement that followed from the song's chord progression. Based on this scant evidence and their own hearing of the song, the jury was fully justified in finding that the sax solo was not a substantial contribution to the song. Moreover, the Levy defendants did not demonstrate that at the time *Fools* was recorded that Wright, or Goldner, intended to be accorded the status of a co-author because of the addition of the sax solo. Without such an intention, Wright's contribution, even assuming it met the threshold of authorship, would not give rise to a joint authorship interest.

At to the second element in the work-for-hire doctrine, the Levy defendants must establish that Wright was an employee of Gee Records. Generally, courts have applied the work for hire doctrine only to works made by employees in the regular course of their employment. *Reid*, 490 U.S. at 744. Several factors, no single one of which is determinative, are to be weighed in determining whether the work was created by an employee or an independent contractor. *Reid*, 490 U.S. at 751-752. *Cf. Bourne, Inc.*, 457 F.2d at 1216 (setting forth factors in work-for-hire under 1909 Act). The most important factors

include the hiring parties' right to control the manner and means of creation, the method of payment, the skill required, the provision of employee benefits, the tax treatment of the hired party, and whether the hiring party has the right to assign additional projects to the hired party. *Aymes v. Bonelli*, 980 F.2d 857 (2d Cir. 1992).

While some of these factors were contested, the Levy defendants produced virtually no evidence concerning the employment relationship between Goldner and Wright. Without having to adopt plaintiffs' argument that the record company's recoupment of its payment to the studio musicians from the royalties from *Fools* precludes a work-for-hire arrangement, we find that this issue was fairly open to resolution in either party's favor. In sum, the Levy defendants' have failed to demonstrate that the jury's findings with respect to Goldner's authorship were seriously erroneous, and thus, their motion for a new trial on the issue of authorship is denied.

Judgment on Copyright Infringement, Lanham Act, and Unfair Competition Claims

Copyright Infringement

As described above, plaintiffs' action is one for a declaration of copyright ownership and the recovery of the royalties which accompany such ownership. The action is not properly framed as one for copyright infringement, which requires a plaintiff to show ownership of a valid copyright and the defendant's infringement by unauthorized copying. *Laureyssens v. Idea Group, Inc.*, 964 F.2d 131 (2d Cir. 1992). *See* April 15 Order; *see generally* Nimmer § 13.01 (setting forth requirements of infringement). Notwithstanding the defendants' wrongful conduct, plaintiffs clearly anticipated that the Levy defendants would exploit the copyright, subject to an accounting for royalties. *See Eden Toys, Inc. v. Florelee Undergarment Co.*, 697 F.2d 27, 36 (2d Cir. 1982) (under pre-1978 copyright law licenses can be granted orally or by conduct.) Specifically, Santiago testified that he had intended to

sign a Standard Form Songwriters Contract transferring his rights in *Fools* to Goldner. Therefore, according to plaintiffs' own testimony the Levy defendants exploited the *Fools* copyright with the plaintiffs' authorization and, as a result, judgment in favor of the Levy defendants is granted on plaintiffs' claim for copyright infringement.

Lanham Act and State Law Unfair Competition Claims

Plaintiffs seek relief under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (1982). That section provides, in pertinent part, that

> [a]ny person who shall affix, apply, or annex, or use in connection with any goods, . . . any false description or representation, including words or other symbols tending falsely to describe or represent the same . . . shall be liable to a civil action . . . by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

Id. Consistent with the remedial nature of the statute and its expansive language, courts, generally, have construed this provision broadly. *PPX Enterprises, Inc. v. Audiofidelity Enterprises, Inc.*, 746 F.2d 120, 124 (2d Cir. 1984) ("*PPX I*"). Consequently, Section 43(a) has been employed successfully to combat a wide variety of deceptive commercial practices, including various forms of misappropriation, misrepresentation and other examples of unfair competition. *PPX Enterprises, Inc. v. Audiofidelity Inc.*, 818 F.2d 266, 270 (2d Cir. 1987) ("*PPX II*") (collecting cases). These practices traditionally involve the misappropriation of another's talents. *Rosenfeld v. W.B. Saunders. Div. of Harcourt Brace Jovanovich, Inc.*, 728 F. Supp. 236, 241 (S.D.N.Y.), *aff'd*, 923 F.2d 845 (2d Cir. 1990).

One form of unfair competition prohibited by the Lanham Act, known as "reverse palming off," occurs when the wrongdoer removes the name or mark on another party's product and sells that product under a different name.[9] *Id.* The grava-

[9] For the most part, plaintiffs cite cases which involve "palming off", a second form of unfair competition proscribed by the Lanham Act,

men of the harm in reverse palming off is that "the originator of the misidentified product is involuntarily deprived of the advertising value of its name and of the goodwill that otherwise would stem from public knowledge of the true source of the satisfactory product." *Id.* (*citing Smith v. Montoro*, 648 F.2d 602, 607 (9th Cir. 1981)). Accordingly, under this theory, by not properly designating plaintiffs as two of the co-authors of the highly successful *Fools*, the Levy defendants deprived each plaintiff of an opportunity to develop a reputation as a successful songwriter. *See Montoro*, 648 F.2d at 607 (plaintiff-actor whose name was removed from all credits and advertising of a film and replaced by another actor's could maintain a claim of reverse palming off because accurately crediting actors for films in which they have appeared "would seem to be of critical importance in enabling [them] to sell their services.")[10]

However, in order to establish that they are entitled to damages for the Levy defendants' "reverse palming off," plaintiffs must establish "the potential for a competitive or commercial injury." *Berni v. Int'l Gourmet Restaurants, Inc.*, 838 F.2d 642, 648 (2d Cir. 1988). Such potential for injury goes beyond a plaintiff's mere subjective belief that damage has occurred. Instead, a plaintiff must demonstrate the existence of a reasonable interest to be protected. *PPX I*, 746 F.2d

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and which bears little resemblance to the facts of this case. *Follett v. Arbor House Pub. Co.*, 208 U.S.P.Q. 597 (S.D.N.Y. 1980); (exaggeration of the now famous plaintiff's role in creating work), *Benson v. Paul Winley Record Sales Corp.*, 452 F. Supp. 516 (S.D.N.Y. 1978) (same); *Gilliam v. Am. Broadcasting Cos.*, 538 F.2d 14 (2d Cir. 1976) (attribution of a substantially altered work to its original creator.) These cases are inapposite because the current case does not involve the selling of a good or service of the defendant's own creation under the name or mark of a more popular competitor.

[10] Apparently, in addition to the above argument, plaintiffs also assert that the Levy defendants falsely represented that they had permission to publish and record *Fools*. As indicated above, notwithstanding the Levy defendants failure to account for the royalties received from *Fools*, plaintiffs clearly intended that the Levy defendants release and market *Fools*. Therefore, we need not address whether such a claim of false representation of permission to publish and record a song constitutes a violation of the Lanham Act.

at 125. Without reaching the question of whether plaintiffs could meet the standard of specificity for proving the quantum of damages under the Lanham Act, plaintiffs failed to submit sufficient evidence to meet the more forgiving standard of establishing the existence of a reasonable interest to be protected.

Plaintiffs' assertions that they lost opportunities that included, *inter alia*, writing songs for other contemporary artists, were entirely unsupported by the record. Although the testimony and evidence indicated that plaintiffs had written other songs performed by The Teenagers, there was no evidence that either plaintiff attempted to write songs for other performers. In addition, there was no evidence that the royalties to which plaintiffs claim entitlement were in any way diminished by the misdesignation of *Fools'* origin. *Cf. Rosenfeld*, 728 F. Supp. at 243 (beneficial owners of copyright lost potential royalties each time a purchaser bought defendants' book.) Moreover, plaintiffs adduced no evidence to indicate that the Levy defendants actions diminished their ability to sell their "services." *Cf. Montoro,* 648 F.2d at 607. To the contrary, the evidence at trial demonstrated that plaintiffs' careers have been significantly enhanced by their association with *Fools*.

We note further that plaintiffs' position that the Lanham Act covers circumstances where an author has not been properly credited for his authorship role would simply transform virtually every copyright action into a Lanham Act action as well. Here, plaintiffs have an action under copyright law that fully encompasses the injury that they have proven. *Accord Shaw v. Lindheim*, 919 F.2d 1353, 1363 (9th Cir. 1990) (declining to expand scope of Lanham Act to cases in which copyright law provided an adequate remedy.) Accordingly, plaintiffs have failed to prove that they suffered injury to any interest protected by Section 43(a).

Finally, plaintiffs premise their cause of action for common law unfair competition on the same rationale as their Lanham Act claim. Plaintiffs Mem. in Support at p.12. Since the elements of a cause of action for unfair competition under New York law are essentially the same as the elements of false des-

ignation of origin under the Lanham Act, *see Perfect Fit Indus. Inc. v. Acme Quilting Co.*, 484 F. Supp. 643, 646 (S.D.N.Y. 1979), *aff'd in part and rev'd in part*, 618 F.2d 950 (2d Cir. 1980), judgment on the Lanham Act and common law unfair competition claims should be entered in favor of the Levy defendants.

The Levy Defendants Rule 50 Motion for Judgment as a Matter of Law

A court may grant a motion for judgment as a matter of law, under Fed. R. Civ. P. 50[11], where the evidence, viewed most favorably to the party who secured the jury verdict, does not provide a legally sufficient basis to support a verdict in that party's favor. *Samuels v. Health and Hosps. Corp.*, 591 F.2d 195 (2d Cir. 1979); *Lederle Labs.*, 785 F. Supp. at 1125; 5A James W. Moore et al, Moore's Federal Practice ¶ 50.07[2] (1993) ("Moore's"). Unlike in a motion for a new trial, the trial court cannot assess the weight of the evidence, pass on the credibility of the witnesses, or substitute its judgment for that of the jury. Rather, after drawing all reasonable inferences in favor of the non-moving party, judgment as a matter of law after the verdict should be granted only when

> (1) there is such a complete absence of evidence supporting the verdict that the jury's findings could only have been the result of sheer surmise and conjecture or (2) there is such an overwhelming amount of evidence in favor of the movant that reasonable and fairminded men could not arrive at a verdict against him.

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[11] Rule 5o was amended in 1991 to abandon the formal differences between motions made under prior subsection (a), denominated as a directed verdict, and (b), denominated as judgment notwithstanding the verdict ("JNOV"). Under the 1991 Amendment to Rule 50 a motion made under either subsection is properly termed a motion for "judgment as a matter of law." Moore's ¶ 50.01-1. The amended rule carries forward the substance and procedure of the predecessor rule while employing the new terminology. Therefore, the traditional standards governing a Rule 50 motion are essentially left unchanged. *Jones v. Lederle Labs., Div. of Am. Cyanamid Co.*, 785 F. Supp. 1123, 1125 (E.D.N.Y.), *aff'd*, 982 F.2d 63 (1992); Moore's ¶ 50.01-1.

W.W.W. Pharmaceutical Co. v. Gillette Co., 984 F.2d 567 (2d Cir. 1993); *see also Fiacco v. City of Rensselaer*, 783 F.2d 319, 329 (2d Cir. 1986), *cert. denied*, 480 U.S. 922 (1987); *Lederle Labs.*, 785 F. Supp. at 1125.

In support of their Rule 50 motion, the Levy Defendants advance essentially three arguments, each assuming arguendo that duress is a cognizable toll to the copyright law's statute of limitations. Specifically, the Levy defendants maintain that (a) the duress toll is limited to circumstances "in which duress [is] an element of the claim in suit," (b) the threats which form the basis of the duress must be directed toward preventing the filing of a lawsuit and (c) the evidence does not reasonably support the jury's finding that the plaintiffs' fear did not dissipate until December 14, 1987.[12]

We address the Levy defendants' first point, namely that because proof of plaintiffs' underlying claim to copyright ownership does not entail evidence of duress, the toll is not cognizable. Judge Broderick noted in his April 15 Order that, under New York law, duress is available to toll a statute of limitations only where duress is part of the gravamen of a plaintiff's claim. *Id.* at 11 (*citing Cullen v. Margiotta*, 811

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[12] At the outset, the Levy Defendants argue that the copyright laws do not recognize a duress toll to the statute of limitations. Since, as discussed below, we grant the Levy defendants' Rule 50 motion in part, on other grounds, we need not reach the issue of whether in any circumstance, duress may toll the copyright statute of limitations. However, we note that Judge Broderick, in his April 15 Order, held "that under the facts of this case, the recognition of a toll for duress would be consistent with the purposes of the Copyright Act and the duress toll which should be utilized is that provided under the law of this court's forum state, New York." April 15 Order at 11; *Cf. Donahue v. Pendleton Woolen Mills, Inc.*, 633 F. Supp. 1423, 1442 (S.D.N.Y. 1986) (acknowledging that duress toll may have a role, albeit a narrow one, in antitrust actions.) *But cf. Center Cadillac, Inc. v. Bank Leumi Trust Co.*, 808 F. Supp. 213, 225 n.2 (S.D.N.Y. 1992) (holding that duress toll to statute of limitations under state law had no application to federal RICO statute of limitations). In any event, it is doubtful that we could revisit Judge Broderick's earlier ruling. *See Wright v. Cayan*, 817 F.2d 999, 1002 n.3 (2d Cir.), *cert. denied*, 484 U.S. 853 (1987) (reiterating that law of the case doctrine dictates a general practice of refusing to reopen issues in cases that have already been decided).

F.2d 698, 722 (2d Cir.), *cert. denied*, 483 U.S. 1021 (1987)); *see also Day v. Moscow*, 955 F.2d 807, 812 (2d Cir.), *cert. denied*, 121 L. Ed.2d 37 (1992); *Jastrzebski v. New York*, 423 F. Supp. 669, 673 (S.D.N.Y. 1976) (noting that under New York law duress must be part of conduct for which plaintiff is seeking recovery.) In order to be sufficiently connected to the underlying claim, the duress experienced by the injured party must have been operating at the time the original cause of action arose and must be continuous. *See Cullen*, 811 F.2d at 722 (plaintiffs who made payments to defendant-employers' political party under duress could similarly feel forced to restrain from filing suit until duress dissipated); *Pacchiana v. Pacchiana*, 94 A.D.2d 721, 462 N.Y.S. 2d 256 (2d Dept. 1983) (statute of limitations in action to invalidate antenuptial agreement entered into under duress could be tolled for period of time that duress operated). *Cf. Baratta v. Kozlowski*, 94 A.D.2d 454, 464 N.Y.S.2d 803 (2d Dept. 1983) (death threats aimed at preventing lawsuit occurred after underlying claim for conversion accrued).

Notwithstanding Judge Broderick's ruling that a factual question existed as to whether Goldner or the Levy defendants acquired the *Fools* copyright, in the context of a relationship characterized by a continuous pattern of duress exerted on plaintiffs, plaintiffs did not establish that, during the early relationship between the parties, either Goldner or Levy exercised dominion over either plaintiff's mind or in any other manner deprived them of their freedom of will. *See Int'l Railways of Cent. Am. v. United Fruit Co.*, 254 F. Supp. 233 (S.D.N.Y. 1966), *aff'd in part and rev'd in part*, 373 F.2d 408 (2d Cir.), *cert. denied*, 387 U.S. 921 (1967). Although the jury found that Goldner and Levy defrauded the plaintiffs of their ownership in the *Fools* copyright and deliberately concealed the accrual of royalties, there was no evidence of coercion with respect to these activities. To the contrary, the testimony indicated that Santiago, Lymon and their guardians voluntarily signed what they believed to be a valid Standard Form Songwriters Contract. Furthermore, plaintiffs approached Levy several times to ask for money prior to 1969, the first threat, as testified to by Santiago, and twelve

years after the *Fools* copyright was filed. Such conduct demonstrate a willingness, at this early stage, to confront Levy, at least with requests for additional money.

Moreover, plaintiffs' belief that Levy had ties to organized crime is on its own insufficient to support their claim for a tolling of the statute of limitations. Although their belief had been formed around the time they first met Levy in 1957, plaintiffs could not point to a single threat or other action by the Levy defendants prior to 1969 directed at the plaintiffs that could have caused them to be fearful of maintaining their legal interest in *Fools*. *Cf. Jastrzebski*, 423 F. Supp. at 674 (anticipated duress does not give rise to duress toll); *Pahlavi v. Palandjian*, 809 F.2d 938, 942 (1st Cir. 1987) (same). Based on the foregoing, plaintiffs failed to prove that they were motivated by fear of either Goldner or the Levy defendants continuously from the time their cause of action accrued. Without proof that the relationship between the parties was characterized throughout by a continuing pattern of duress, plaintiffs' claim that they are entitled to a tolling of the statute of limitations fails as a matter of law.[13]

In the event that a reviewing court disagrees with our finding that duress must constitute an integral part of the underlying cause of action in order to justify a toll of the statute of limitations, we examine the Levy defendants third argument

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[13] The Levy defendants second position that the threats involved must be directed specifically at the filing of a law suit is against the great weight of authority. *See, e.g., Pacchiana v. Pacchiana*, 94 A.D.2d at 721, 462 N.Y.S. 2d at 256; *Cullen*, 811 F.2d at 722; *Jastrzebski*, 423 F. Supp. at 673-674 (*citing Kamenitsky v. Corcoran*, 97 Misc. 384, 161 N.Y.S. 756 (1st Dept. 1916), *rev'd on other grounds*, 177 A.D. 605, 164 N.Y.S. 297 (1st Dept. 1917)). *See also Pahlavi*, 809 F.2d at 941 (noting that claim would have been strengthened if threat had been explicitly aimed at preventing a lawsuit) (citing Jastrzebski). Instead the logic of these cases suggests that a person induced or coerced by fear to take a certain action is unlikely to feel free to bring suit until that fear subsides regardless of whether the coercion is directed explicitly at the filing of a lawsuit. *Cullen*, 811 F.2d at 723. Therefore, the Levy defendants argument that the coercive action must be specifically aimed at the prevention of filing a lawsuit adds an element to the duress toll unsupported by the case law.

that the evidence does not reasonably support the jury's finding that the plaintiffs' fear did not dissipate until December 14, 1987. As soon as plaintiffs' "compulsion through fear cease[s]," they are no longer entitled to a toll for duress. *Cullen*, 811 F.2d at 722. Despite the jury's finding that the plaintiffs' fear reasonably lasted until December 14, 1984, the evidence adduced at trial does not support a finding that the plaintiffs fear lasted beyond the time they first agreed to take part in a legal action against Levy.

By the late 1970's and early 1980's plaintiffs were publicly acknowledging that Levy had bilked them out of their royalties from *Fools*. During this time, the plaintiffs enlisted the services of several people, including two attorneys, who either attempted to collect copyright royalties from Levy or accessed plaintiffs' legal claim to royalties. Furthermore, plaintiffs testified that they entered into an agreement in 1984 with Emira Lymon to testify on her behalf in her lawsuit against Levy, claiming that Frank Lymon was the sole owner of the *Fools* copyright. Plaintiffs testified that in return for their testimony Emira Lymon agreed to give them each a one-third ownership share of the *Fools* copyright.

In the face of such a persistent effort to vindicate their rights to royalties in *Fools*, plaintiffs' distinction between the asking for money, a request which Levy could simply refuse, and the taking of action which would legally and involuntarily deprive Levy of money cannot be deemed reasonable. Their agreement to join Emira Lymon's lawsuit, albeit not as named plaintiffs, would entail their potentially giving testimony in open court about the events which underlie the current lawsuit. At that point, plaintiffs were represented by counsel and were fully aware of the potential consequences of their testimony. Thus, it was unreasonable for plaintiffs to maintain what had become a purely semantic distinction between their asking for money and their invoking the legal process to obtain it.

Therefore, we hold, alternatively, that the jury's finding that plaintiffs' reasonable fear lasted until December 1984 is against the overwhelming weight of the evidence. As a result, the answers to Special Verdict Questions 16, 19 are set aside

and plaintiffs may only pursue those damages which accrued within three years of this lawsuit.

Equitable Doctrines of Repose: Laches and Equitable Estoppel Laches

In order to prevail on a laches defense, the Levy defendants must demonstrate that plaintiffs, in asserting their rights, were guilty of unreasonable delay and that the delay prejudiced the defendants.[14] *See Stone v Williams*, 873 F.2d 620, 623 (2d Cir. 1989) ("*Stone I*") (*citing Gardner v. Panama Railroad Co.*, 342 U.S. 29, 31 (1951)). While statutes of limitations and laches promote similar values of repose, the latter's dual inquiry involves a balancing of the equitable circumstances of each case rather than the former's more mechanical application of a time bar within which suit must be instituted. *Id.* at 623-625. Consistent with this balancing, defendants must have suffered some amount of prejudice to successfully invoke laches, even if plaintiffs have a weak or no excuse for their delay. *Id.* at 625. Relevant factors in assessing prejudice include the decreased ability of the defendants to vindicate themselves, on account of the death of witnesses or fading memories and stale evidence, as well as the prejudice that may result from a change in the defendant's position. *Id.* Counterbalancing these factors is the defendant's culpability in creating the circumstances causing the prejudice. *Stone v. Williams*, 891 F.2d 401, 405 (2d Cir. 1989) ("*Stone II*").

In *Stone II*, the Second Circuit reconsidered its affirmance of a grant of summary judgment on the grounds of laches and

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[14] The parties tried to the Court the issue of whether the doctrine of laches barred plaintiffs' claim for relief. However, when a jury has decided a factual issue, its determination has the effect of precluding the court from deciding the same fact issue in a different way. *Sorlucco v. New York City Police Dept.*, 971 F.2d 864, 873 (2d Cir. 1992); *Wade v. Orange County Sheriff's Office*, 844 F.2d 951, 954 (2d Cir. 1988). Grounded in the Seventh Amendment, this rule furthers the integrity of the judicial process by promoting consistent determinations of any particular question. *Wade*, 844 F.2d at 954 (citations omitted). Accordingly, in determining the applicability of the laches defense, we defer to the jury's findings, when relevant and if supported by the evidence.

held that the defendant's egregious conduct, undiscovered at the time of the first ruling, tipped the balance of equities in the plaintiff's favor. *Id.* at 404-405. The plaintiff, a non-marital child of the late country western singer Hank Williams, brought a lawsuit asserting a claim for a share of her father's copyrights almost twelve years after reaching the age of majority. *Id.* at 404. Without reexamining the trial court's finding of inexcusable delay, the court held that the defendants' knowing participation in a conspiracy to defraud the plaintiff of her copyright interest precluded the defendant's assertion of prejudice. *Id.* at 405.

Relying on traditional equitable principles, *id.* at 404 ("one who seeks Equity's assistance must stand before the court with clean hands") (citation omitted), and on the principle that the defendant's could not fairly rely on a delay caused in part by their own actions, the court held that allowing laches to apply when defendants had acted in such an "unworthy manner" would grant them a windfall. *Id.* at 405. In addition, the court noted that the defendants could have avoided any prejudice by seeking a court declaration of their rights vis-a-vis the plaintiff. *Id.*

Similarly, the Levy defendants cannot fairly plead prejudice from the passage of time and the death and disappearance of key witnesses in light of their conduct toward plaintiffs. Focusing first on the years from 1961-1969, beginning with plaintiffs' reaching majority and ending with Levy's threat to Santiago,[15] the Levy defendants argue that plaintiffs' rights were cut off during this period because plaintiffs' delay pursuing their rights was inexcusable and the prejudice to the

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[15] Notwithstanding our discussion in n.14 that we are bound by the jury's factual findings in this case, we express serious reservations about the truthfulness of Santiago's testimony concerning Levy's threat. Despite several occasions during the course of this litigation when testimony about this threat would have been useful, Santiago failed to testify until trial about this event. Considering the importance of the duress toll to plaintiff's case and the abject fear he felt following the threat, we find it inconceivable that he forgot to mention the incident or that his attorney counseled him not to mention it. However, we are satisfied that the doctrine of laches would not apply even in the absence of this threat in 1969.

defendants was manifest. However, the jury's finding that Goldner and Levy had fraudulently concealed from plaintiffs the accrual of royalties from *Fools* for a period of approximately six years underlines the defendants' claim of prejudice. Considering also the jury's finding that plaintiffs' co-wrote *Fools* and the testimony that Santiago signed a songwriter's contract, a ruling barring plaintiffs' claims would allow the Levy defendants to profit from their untoward actions. Under the rationale of *Stone II*, a court sitting in equity should not countenance such a result.

Turning to the period of time between 1969 and 1984, we find that the equitable principles discussed above apply with equal force. As noted earlier, the jury found that threatened plaintiffs on two occasions, in 1969 and again in 1977, and that plaintiffs, due to their reasonable fear that these threats would be carried out, delayed until 1987 the filing of their suit. By virtue of the jury's finding of Levy's egregious conduct, the Levy defendants cannot now complain of the prejudice they would suffer due to their efforts to exploit *Fools* and to the loss of witnesses and business records.

In sum, the Levy defendants knew from the late 1950's the circumstances under which the *Fools* copyright was obtained and attempted until Levy's death either to conceal these facts, *see* Deposition of Morris Levy p. 82 (stating that Levy was a co-author of *Fools*), or to coerce plaintiffs into abandoning their rights. These actions tip the balance of equities in plaintiffs' favor and relieve plaintiffs from the defense of laches.

Equitable Estoppel

The issue of equitable estoppel was withheld from the jury because the Levy defendants did not offer sufficient evidence to meet the elements of the defense. In order to prevail on the defense of equitable estoppel the defendant must have been misled into reasonably and justifiably believing that the plaintiff would not pursue his claims against the defendant. *Glus v. Brooklyn Eastern Dist. Terminal,* 359 U.S. 231, 234 (1959); *Mikinberg v. Baltic S.S. Co.*, 988 F.2d 327, ___, 1993 U.S. App. LEXIS 4404, *9-10 (2d Cir. 1993); *Travellers Int'l*

AG v. Trans World Airlines, Inc., 722 F. Supp. 1087, 1098 (S.D.N.Y. 1989). In the context of a copyright action the plaintiff-copyright holder's rights may be destroyed if the defendant shows that: a) the plaintiff knew of the defendant's wrongful conduct; b) the plaintiff intended that his conduct be acted upon or acted in a way that the defendant had a right to believe it was so intended; c) the defendant was ignorant of the true facts; and d) the defendant relied on plaintiff's conduct to his detriment. *Basic Books, Inc. v. Kinko's Graphics Corp.*, 758 F. Supp. 1522, 1539-1540 (S.D.N.Y. 1991). *See Lottie Joplin Thomas Trust v. Crown Publishers Inc.*, 456 F. Supp. 531 (S.D.N.Y. 1977), *aff'd*, 592 F.2d 651 (2d Cir. 1978); *Hampton v. Paramount Pictures Corp*, 279 F.2d 100, 104 (9th Cir.), *cert. denied*, 364 U.S. 555 (1960). *See also* 3 Nimmer, § 13.07 at 13-133 n.2 (noting that the defense of estoppel may sometimes be asserted in a contract action for royalties.)

At trial, the Levy defendants offered no evidence that the plaintiffs acted in a manner which justified a belief on the part of defendants that their copyright was free from challenge. Although in some instances, silence and inaction may induce justifiable reliance on the part of the defendant, those circumstances are not present when the defendant is in a position to ascertain the extent of the competing claim. *Hampton*, 279 F.2d at 105. *See also* 3 Nimmer, § 13.07 (acknowledging that such acts of omission rarely satisfy elements of estoppel.) In the instant case, not only did Goldner and Levy know of the plaintiffs' claim to ownership of the *Fools* copyright and attempt to conceal the accrual of royalties from them, but Levy also, in part, caused the plaintiffs' silence and inaction. *Cf. Stone II*, 891 F.2d 401, 404, ("one who seeks Equity's assistance must stand before the court with clean hands") (citation omitted). Applying the jury's findings to the estoppel claim it is clear that whatever change in position undertaken by Levy in reliance on the plaintiffs' inaction was unwarranted. Therefore, the Levy defendants' motion for judgment on the grounds of equitable estoppel is denied.

The Evidentiary Issues

In support of their motion for a new trial, the Levy defendants renew their objections to the admission of two categories of evidence that reached the jury: 1) the so-called "raft of 'Mafia' evidence", and 2) the testimony of Herbert Cox stating that Goldner had put his name on the copyrights of songs written by Cox's group, The Cleftones, that Goldner had not authored.

With respect to the "raft of Mafia" evidence, the Levy defendants point in particular to plaintiff Merchant's testimony concerning a 1981 Village Voice article which included references to Levy's reputed "Mafia" connections. Defendants advance two arguments as to why this evidence was inadmissible. First, defendants assert that the evidence was hearsay and not within a recognized exception. Second, defendants rely on their offer to stipulate that any actual reliance on Levy's threats would be deemed objectively reasonable rendered this evidence irrelevant under Fed. R. Evid. 401. Addressing each point in turn and without adopting the defendants' characterization of this evidence, we find that neither argument has merit nor, if error, would warrant a new trial.

In the first instance, Merchant testified that he had read the article at the time it was published and that it confirmed for him Levy's reputation as a "gangster". This evidence was introduced to explain Merchant's fear of filing a lawsuit against Levy. *See, e.g., United States v. Delia*, 944 F.2d 1010 (2d Cir. 1991) (witness's belief that defendant had ties to organized crime was basis of inference that she acted in accordance with that fear). Upon defendants' counsel's request, on two occasions the Court gave a limiting instruction explaining to the jury that this type of evidence was only admissible to explore the plaintiff's state of mind and could not be considered for its truth. Tr. 218, 221. Furthermore, the Court excluded evidence of Levy's criminal activities that were unknown to plaintiffs during the period which the duress was operative. Therefore, admitted on this basis and with contemporaneous limiting instructions, the evidence of Levy's

ties to organized crime does not constitute hearsay under Fed. R. Evid. 801, and was not erroneously admitted.

Second, while we disagree with defendants' assertion that the challenged evidence was prejudicial, *see United States v. Gilliam*, 1993 U.S. App. LEXIS 13073, *8 (2d Cir. June 2, 1993) ("evidence is prejudicial only when it tends to have some adverse effect upon a defendant beyond tending to prove the fact or issue that justified its admission into evidence") (citation omitted), because a stipulation may not provide a jury with a basis for evaluating probative force, the admission of potentially prejudicial evidence with probative value may be proper even though the party against whom it is offered is willing to stipulate to the proposition for which the evidence was offered. *United States v. Valentine*, 644 F. Supp. 818, 822-23 (S.D.N.Y. 1986); 1 Jack B. Weinstein & Margaret A. Berger, Weinstein's Evidence ¶403[3] (1992 & Supp. 1993) (hereinafter "Weinstein"); *cf. Gilliam*, 1993 U.S. App. 13073, *14 (where potentially prejudicial evidence directly establishes an element in the case, defendant may not stipulate to that element in order to bar that evidence). Indeed, as a general rule, a party is not required to accept a judicial admission of his adversary but may insist on proving the fact in order to present to the jury a picture of the events relied upon. To substitute for such a picture a naked admission might have the effect of eliminating from the evidence much of its fair and legitimate weight. Weinstein ¶403[3]; *Parr v. United States*, 255 F.2d 86 (5th Cir.), *cert. denied*, 358 U.S. 824 (1958). In the current case, plaintiffs' state of mind was relevant and probative to the issue, under the duress toll and under the doctrines of laches and equitable estoppel, of whether their fear was reasonable. Without evidence of the Levy's reputation as it was known to plaintiffs, Merchant and Santiago would have been severely hampered in attempting to explain their motivation for avoiding a legal confrontation with Levy until 1987.

Addressing Herbert Cox's testimony that Goldner's or one of his employee's names appeared on copyrights for songs written solely by Cox's group, The Cleftones, the Levy defendants argue that Fed. R. Evid. 404 precludes this evidence

from reaching the jury. The Levy defendants maintain that this evidence "painted defendants as music industry thieves" for the sole purpose of showing that defendants acted in conformity with such a characterization when dealing with plaintiffs. Defendants' Mem. at 27. However, defendant's reliance on Rule 404(b) is misplaced. Evidence that aids the trier of fact in determining the probative value of other relevant evidence is itself relevant even if the proffered evidence itself does not relate to a consequential fact. *See Weinstein* ¶ 401[05].

Cox testified to eight or nine instances of either Goldner or Henry Glover, an employee of Gee, listing their names on a copyright of a song for which they had no authorship role. Without commenting on whether this activity constituted theft or any other "bad act" as encompassed by Fed. R. Evid. 404(b), we note that this testimony directly refutes the Levy defendants' position that Goldner's listing as an author on the *Fools* copyright entitles him to a presumption of authorship. Even upon reflection, we adhere to our original conclusion that Cox's testimony was relevant, highly probative and not introduced as evidence of Goldner's character. Therefore, this evidence was properly put before the jury.

CONCLUSION

In conclusion, considering the ample evidence adduced at trial concerning the authorship of *Fools*, and my review of the evidentiary rulings discussed above, I deny the Levy defendants' motion for a new trial. However, in light of the total absence of evidence indicating that the Levy defendants acquired the *Fools* copyright by duress, I find that the duress later exercised by Levy on plaintiffs was not integrally related to plaintiffs' cause of action. Therefore, I grant the defendants' motion for judgment as a matter of law on the issue of the duress toll to the statute of limitations thus limiting recovery to damages that accrued within three years of the filing of the lawsuit. Furthermore, I grant judgment in favor of the Levy defendants for copyright infringement and unfair com-

petition claims arising under both the Lanham Act and common law. In addition, I deny the Levy defendants' motions for judgment based on the equitable doctrines of laches and estoppel. Finally, plaintiffs' cross motions for a judgment as a matter of law on the issue of fraudulent concealment and for judgment that each plaintiff be granted a one-third share of the *Fools* copyright are denied in their entirety.

IT IS SO ORDERED.

DATED: New York, New York
July 22, 1993

/s/ NAOMI REICE BUCHWALD
NAOMI REICE BUCHWALD
UNITED STATES MAGISTRATE JUDGE

Copies of the foregoing Memorandum and Order have been mailed on this date to the following:

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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87 Civ. 7199 (VLB)
Filed April 16, 1992

JIMMY MERCHANT and HERMAN SANTIAGO,

Plaintiffs,

—against—

EMIRA LYMON, as widow and Administratrix of the Estate of FRANK LYMON, MORRIS LEVY, BIG SEVEN MUSIC CORP. and ROULETTE RECORDS, INC.

Defendants.

MEMORANDUM ORDER

VINCENT L. BRODERICK, U.S.D.J.

I

This is an action seeking ownership of the copyright for the hit song "Why Do Fools Fall in Love" ("Fools") in which defendants have moved for summary judgment on plaintiffs' claims for a declaratory judgment of copyright ownership and validity and for copyright infringement.

On February 5, 1992, I heard oral argument on defendants' motions for summary judgment, granted the summary judgment motion of former defendant Broadcast Music Inc. and reserved decision on the motions made by the remaining

defendants. This Memorandum Order reflects the decision of those motions.

II

The Teenagers were a singing group which was formed in 1955. The original members of the group were plaintiffs Jimmy Merchant and Herman Santiago and two persons who are now deceased, Joe Negroni and Sherman Garnes. Plaintiffs claim that they jointly wrote Fools in 1955 while members of the Teenagers and that after the song was written, defendant Emira Lymon's decedent Frankie Lymon joined the Teenagers and made a number of changes to the song. Thus, plaintiffs assert, Fools was written by Jimmy Merchant, Herman Santiago and Frankie Lymon.

Fools, in 1955, was recorded for Gee Records, which was owned by George Goldner, now deceased, and published by Patricia Music which was also owned by Goldner. At the time the song was written Frankie Lymon was apparently twelve years old and plaintiffs were both fifteen. Plaintiffs assert that Goldner told them that there could only be two authors listed for the record and presented a contract for royalties to plaintiffs. This contract, which was signed by Goldner, and by their guardians on behalf of Lymon and Santiago, described the song as being authored by Santiago, Lymon and George Goldner, but omitted plaintiff Merchant's name according to plaintiffs, Goldner told them the contract had to be written that way. Plaintiffs also assert that Goldner did not in fact play any role in writing the song. At least one early printing of the record also listed as authors the three parties to the original royalty contract, that is, plaintiff Santiago, defendant Lymon and defendant Goldner.

Plaintiffs assert that Goldner told them that he would take care of copyrighting the song. The song was copyrighted in 1956 and listed as authors George Goldner and Frankie Lymon but omitted the names of plaintiffs Santiago and Merchant. Plaintiffs claim that Goldner told them that they would be given credit, along with Lymon, as the authors of

the song, but he never registered plaintiffs' names on the song's copyright. Plaintiffs also assert that the record labels for Fools first listed Lymon and Santiago as authors, then added Goldner's name and later deleted Santiago's name, leaving only Goldner and Lymon. Plaintiffs claim that they have never received any writers' royalties from their authorship of Fools.

Fools was released in 1956 and rapidly became the number one selling record in the United States on the popular music charts. It continues to be a popular song today and has been recorded by a number of other artists. Frankie Lymon left the Teenagers in 1958 and died in 1968.

Plaintiffs reached the age of majority in 1961. At that time, they assert, they were supposed to receive payments from a trust fund which had been established for them. Payments were made from the fund, but plaintiffs did not receive any royalties from Fools at the time. Plaintiffs' complaint asserts that Goldner sold Patricia Music, which held the copyright for Fools, to Morris Levy in 1964 and that the copyright was thereafter held by Levy's company, defendant Big Seven Music Inc.[1]

Plaintiffs' first attempt to pursue royalty payments came in the mid 1960's. Plaintiff Santiago testified at his deposition that he contacted Morris Levy on several occasions beginning in the mid 1960's to inquire about royalty payments due to plaintiffs from Fools but received a negative response from Levy on each occasion.

Morris Levy was convicted in the late 1980's on federal extortion charges and sentenced to ten years in prison. He subsequently died. Plaintiffs assert that Levy was closely affiliated with organized crime throughout his career in the music industry, was connected to a number of violent incidents during his career and was at once revered and greatly feared by people in the music business. Plaintiffs claim that

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[1] The complaint asserts that defendant Roulette Records is a company which was controlled by Levy and participated with him in the fraud allegedly perpetrated upon plaintiffs with respect to the Fools copyright.

they were afraid of Levy and that this fear made them reluctant to press their claims with him concerning their royalties. Plaintiffs also claim that Levy threatened to kill Merchant in a conversation which took place sometime after 1980 in which Merchant pressed Levy on the royalty issue.

In 1979–1980 plaintiffs retained an attorney who searched copyright records and reported to plaintiffs that the copyright on Fools was owned by Lymon and Morris Levy but that plaintiffs were not listed on the copyright. Plaintiffs also retained an investigator to investigate the status of the copyright at about the same time. Plaintiffs did not take any legal action with respect to the reports received from the lawyer and the investigator, however.

In 1981, plaintiffs were contacted by Charles Rubin, who worked for an organization which helped artists with claims for royalty payments. Rubin arranged a meeting between plaintiffs and defendant Emira Lymon who was a joint owner of the Fools copyright. According to plaintiffs, at the 1984 meeting Merchant, Santiago and Emira Lymon agreed that Fools had been written by Santiago, Merchant and Lymon, and they agreed that all three would take steps to cause the transfer of the copyright in equal shares to themselves. There was no written record ever made of this agreement.

Rubin and Emira Lymon dispute plaintiffs' description of what transpired at the 1984 meeting, and assert that Rubin called plaintiffs to the meeting to discuss their supporting Emira Lymon's claim to ownership of the Fools copyright. When plaintiffs suggested to Emira Lymon that the copyright should be split three ways, Rubin and Emira Lymon assert, Emira Lymon said she would have to discuss it with her lawyer.

Following the meeting, Emira Lymon filed suit against Morris Levy and other defendants seeking full ownership of the Fools copyright. (*Lymon v. Levy* 84 Civ. 7000, Broderick J.). Neither Santiago nor Merchant was a party to this suit. In 1987 Emira Lymon discharged the attorney who was handling the suit; it was at that point, plaintiffs assert, that they realized that Emira Lymon was not going to honor the

agreement they had made to seek three-way ownership of the copyright. Plaintiffs then brought this action in 1987. Emira Lymon stipulated to a dismissal with prejudice of her suit against Levy and the related defendants in May of 1991.

III

The Motions of these defendants concern a number of alternative theories which are primarily based upon plaintiffs' 30-year delay in bringing this action. The facts which have been developed thus far appear to indicate that plaintiffs' delay in bringing suit in this case was due to four factors: (1) plaintiffs' lack of sophistication about the music business, including the fact that plaintiffs were 15 at the time they recorded Fools and both had a limited education; (2) fraud perpetrated against the plaintiffs by George Goldner, Morris Levy and their affiliates concerning the ownership of the Fools copyright; (3) fear that pressing their claims could result in violence from Morris Levy; and, (4) the fact that plaintiffs, even taking into account all of the above factors, clearly slept on their rights. The difficult issue in these motions is the degree to which each of these factors played a part in plaintiffs' long delay in bringing suit and the weight each factor should be given in determining these motions.

Defendants would be entitled to summary judgment in this action only if "there is no genuine issue as to any material fact and . . . the moving party is entitled to judgment as a matter of law" Fed. Rule of Civil Procedure 56(c); *Anderson v. Liberty Lobby Inc.* 477 U.S. 242, 248 (1986).

Statute of Limitations

Defendants argue that plaintiffs' copyright claims should be dismissed because plaintiffs' suit was commenced after the statute of limitations on these claims had run. The statute of limitations for actions arising under the copyright laws is three years after the time a cause of action accrues. 17 U.S.C. § 507(b). Plaintiffs have asserted two copyright claims, for a declaratory judgment and for copyright infringement, and

have apparently attempted to argue that with respect to the second of these claims, the statute of limitations did not begin to run until defendants' last infringing act occurred.

Plaintiffs' complaint, however, does not properly state a cause of action for copyright infringement—plaintiffs have never been the registered owners of the copyright. Rather, the complaint seeks to try title to the copyright and to cause ownership of the copyright to be transferred to plaintiffs' names. As such, I hold that the three year statute of limitations provided in 17 U.S.C. § 507(b) is applicable to both of plaintiffs' claims and that these claims did not accrue until plaintiffs knew or had reason to know of the injury that is the basis of this action. *See Stone v. Williams* 766 F. Supp. 158, 164-165 (S.D.N.Y. 1991); *Cullen v. Margiotta* 811 F. 2d 698, 725 (2nd Cir. 1987), *cert. den.* 483 U.S. 1021. Defendants apparently concede, and I agree, that the inquiry as to when plaintiffs' copyright claims accrued should properly begin when plaintiffs reached the age of twenty one in 1961 rather than at the time the Fools copyright was registered in 1956, when plaintiffs were both sixteen years old.[2]

IV

I shall first direct my attention to the motions of Morris Levy, Big Seven Music Corp. and Roulette Records, Inc., (hereafter, the "Levy defendants").

1. *Fraudulent concealment.*

With respect to the Levy defendants inquiry must be made into whether or not the doctrine of fraudulent concealment

[2] Even assuming, however, that defendants do not concede this point, I find that the imposition of a toll for infancy in this case would be consistent with the purposes of the Copyright Act and that the appropriate toll which should be applied is the toll provided by this court's forum state, New York. The infancy toll applicable in New York during the period between 1956 and 1961 would have tolled this action until plaintiffs had reached the age of twenty one. *See* New York Civil Practice Law and Rules §§ 105(j), 208.

tolled the running of the statute of limitations. Under this doctrine, "read into every federal statute of limitations . . . is the equitable doctrine that in case of defendant's fraud or deliberate concealment of material facts relating to his wrongdoing, time does not begin to run until plaintiff discovers or by reasonable diligence could have discovered, the basis of the lawsuit." *Barrett v. United States* 689 F. 2d 324, 327 (2nd Cir. 1982), *cert. den.* 462 U.S. 1131.

There are genuine issues of material fact as to whether or not George Goldner, Morris Levy and their affiliates deliberately concealed from plaintiffs the existence of plaintiffs' cause of action and deliberately diverted the Fools' royalties to themselves at plaintiffs' expense. There is also a factual issue as to whether or not, plaintiffs knew, or through the exercise of reasonable diligence could have known, that they were being swindled. Thus plaintiff Herman Santiago described how, at age fifteen, he was told by George Goldner that for space reasons his name could not be printed on the Fools recording:

> I did not understand the significance of what he was doing at the time. I knew how to compose lyrics and melodies, and how to sing, but I did not know about the business of music, especially the dishonest way it was being practiced at the time by George Goldner and later by Morris Levy and his related companies. . . . Mr. Goldner said that Jimmy Merchant (whose name was left off the contract) would be given credit (with Lymon and myself) as writers of *Fools*, but this obviously was never done. We didn't know anything about copyrights or copyright practices and Goldner never mentioned this to anyone, except that he would take care of it for us. *See* Affidavit of Herman Santiago, ¶¶ 8-9.

As noted *supra*, Goldner proceeded to register himself as a half-owner of the Fools copyright, although the record in this case contains no evidence and defendants have not even attempted to assert that Goldner had anything to do with writing the song. Thus plaintiffs have presented a factual issue as

to whether or not there was a delay in the accrual of their copyright causes of action, and as to whether the statute of limitations with respect to those claims was tolled by the fraudulent concealment of Goldner, Levy and their related companies for some period of time subsequent to 1961.

Plaintiffs did, however, discover that they had a viable cause of action well before they brought suit in 1987. By 1979-1980 they had hired both an attorney and an investigator to determine the status of the Fools copyright. Their attorney at the time—seven years prior to the institution of this action—reported to plaintiffs that they had no registered interest in the copyright. Plaintiffs had never received any royalties from the song in the 19 year period between 1961 and 1980, and from this they should have been able to infer that no interest of theirs in the copyright of Fools was on the registry at the Copyright Office. This should have suggested to them, certainly by 1980, that they had a viable cause of action.

Plaintiffs assert that they asked Morris Levy for their royalties on more than one occasion but were told they were not owed anything. Plaintiff Santiago testified by deposition that he visited Morris Levy in an attempt to obtain Fools royalties on 3 or 4 occasions between the mid 1960's and 1984:

> At different times, I went with Sherman Garnes to see if there was any money there, and Levy said there was nothing there for us to get out of there, get away from there. . . I went back there again, because I felt that there was some money there for us, because every time we turned around, our records were playing on the air so I felt that something had to give. Santiago Dep. at 32, Defendants' Motion for Summary Judgment, Ex. B.

Thus under federal accrual principles or the fraudulent concealment doctrine, plaintiffs cannot claim that they were unaware of their copyright claims or that they were reasonably diligent during the period from 1961 to 1987 in attempting to discover whether or not they had a cause of action. At most, plaintiffs could attempt to invoke the fraudulent

concealment doctrine to toll the statute of limitations only until 1980.[3]

2. *Duress*

A second doctrine which may have tolled the statute of limitations with respect to plaintiffs' claims against the Levy defendants was duress. Neither party has cited any case which has considered whether the Copyright Act's statute of limitations may be tolled by duress. In order to determine whether a duress toll is applicable to a federal limitations period, the appropriate inquiry is whether the recognition of such a toll would be consistent with the federal statute at issue. *See Emirch v. Touche Ross & Co.* 846 F.2d 1190, 1199 (9th Cir. 1988).

I hold that under the facts of this case, the recognition of a toll for duress would be consistent with the purposes of the Copyright Act and that the duress toll which should be utilized is that provided under the law of this court's forum state, New York.

Under New York law, duress is available to toll a statute of limitations only where "duress is part of the cause of action alleged". *Cullen v. Margiotta supra*, 811 F.2d at 722 (quotation omitted). The toll continues until the plaintiff's "compulsion through fear ceased." *Id.* at 722 (quotation omitted):

> [New York law] stands only for the proposition that duress tolls the running of a statute of limitations if duress against the plaintiff is an element of the cause of action asserted. If a plaintiff was under some duress from the defendant not to sue but duress is not part of the

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[3] Despite the facts recounted *supra*, plaintiffs claim in their affidavits that they were not aware of any claim to the Fools royalties until 1984. *See* Santiago Aff. ¶ 21 ("I was not aware of any claim to collect royalties as writers or publishers for *Fools* until my initial communication with Charles Rubin of Artists Enforcement Corp. and attorney Richard Bennett in 1984."); Merchant Aff. ¶ 20 (Identical affirmation). These conclusory assertions are directly contradicted by plaintiffs' own testimony and come close to being violative of Fed. Rule of Civil Procedure 56(g).

gravamen of his claim, New York courts do not toll the statute of limitations.

Cullen supra 811 F.2d at 722.

This restriction on the use of the duress toll under New York law dates from an 1897 New York Court of Appeals decision, *Piper v. Hoard* 107 N.Y. 67 (1897). One court has noted that among the rationales for the limitation on the use of the duress toll are "the undesirability of a rule that turns on the reasonableness of reliance upon threats", the ease with which such threats can be fabricated,and judicial reluctance to create new defenses to the use of the statute of limitations bar. *Baratta v. Kozlowski* 464 N.Y.S. 2d 803, 806 (A.D. 2 Dept. 1983). In *Baratta* the court held that death threats made by the defendant for the purpose of persuading the plaintiff not to sue in a fraud action were insufficient to toll the statute of limitations, where such death threats were not connected to plaintiff's underlying claims.

In this case, plaintiff's complaint does not include any claim which explicitly has duress or coercion as one of its elements. There is a factual question, however, as to whether or not the duress which may have been exercised by the defendants was so integrally related to plaintiffs' cause of action as to toll the statute. The entire course of the 37 year relationship between the parties and the manner in which plaintiffs assert that title to the Fools copyright was acquired by the defendants (other than Lymon) suggests a continuing pattern of duress which was directed not only toward preventing plaintiffs from suing, but toward allowing the defendants to acquire and hold title to the Fools copyright. Thus the duress impinged directly upon the gravamen of plaintiffs' claim. When, as plaintiffs assert, George Goldner told twelve and fifteen-year-old songwriters that he would take care of copyrighting the song they had written and when Morris Levy told plaintiffs that there would be no royalties for them and that they would be killed if they pursued the matter, the duress exerted upon plaintiffs not only prevented them from suing, but along with defendants' fraud, it constituted the mechanism through which the defendants acquired and

retained the Fools copyright. Under these circumstances, plaintiffs should be allowed to demonstrate at trial that, with respect to all the defendants other than Emira Lymon, the statute of limitations was tolled for part or all of the period between the time plaintiffs' claim accrued and the time they brought suit.

3. *Equitable Estoppel.*

Plaintiffs also assert that the Levy defendants should be estopped from relying upon a statute of limitations defense by virtue of their fraud. The equitable estoppel doctrine as applied to toll a limitations period has had various judicial formulations. The Second Circuit noted in one case that the doctrine applies where "the plaintiff knew of the existence of his cause of action but the defendant's conduct caused him delay in bringing his lawsuit." *Cerbone v. International Ladies Garment Workers supra* 768 F.2d 45, 50 (2nd Cir. 1985). The *Cerbone* court noted that the doctrine is most often utilized in cases where defendants lull plaintiffs into not bringing suit by engaging in settlement negotiations or by misrepresenting the length of a limitations period. *Id.* at 50.

4. *Laches and Equitable Estoppel Against the Plaintiffs.*

In addition to their statute of limitations argument, defendants argue that they should be granted summary judgment by virtue of the laches doctrine. Laches will bar an action where a plaintiff is guilty of unreasonable delay in bringing suit, if the defendant is prejudiced by the delay. *See Stone v. Williams* 873 F.2d 320 (2nd Cir. 1989) ("*Stone I*") *reversed and remanded* 891 F.2d 401 (2nd Cir. 1989) ("*Stone II*") *cert. den.* 110 S. Ct. 3215. The *Stone* decisions are particularly instructive in this case since they contain detailed discussions by the Second Circuit of the laches defense in a suit to recover royalties under a copyright.

The Second Circuit in *Stone I* analyzed the factors of plaintiff's delay and the resulting prejudice to a defendant. With delay the focus is not on the length of a delay but on its rea-

sonableness. This analysis is then balanced against the prejudice suffered by a defendant by virtue of a delay:

> "Where there is no excuse for delay. . . defendants need show little prejudice; a weak excuse for delay may, on the other hand, suffice to defeat a laches defense if no prejudice has been show."

873 F.2d at 625. Among the types of prejudice recognized by the court in *Stone I* were the inability to defend an action by virtue of the death of witnesses and actions taken by a defendant in reliance upon the absence of a suit by a plaintiff.

In *Stone II*, however, the Second Circuit, which vacated its earlier rulings that plaintiff's claims were barred by laches, introduced additional layers into the analysis, most notably that of wrongful concealment. The court relied upon findings of fraud which had been made in a related state action, focused upon the egregious conduct of the defendants, and held that any prejudice suffered by the defendants had been caused by their own wrongful conduct in concealing plaintiff's claims:

> One who seeks Equity's assistance must stand before the court with clean hands (quotation omitted) . . . [I]n reassessing the equitable circumstances peculiar to this case, the equities fall on plaintiff's side. . . To allow defendants to bar plaintiff from claiming her rights when the availability of the laches defense was obtained by them in such an unworthy manner would not only grant defendants a windfall in this suit to which they are not entitled, but would also encourage a party to deliberately mislead a court.

Stone II 891 F.2d at 405.

In this action there was a long delay in bringing suit, which was partially excusable and partially the result of plaintiffs' neglect. Defendants will suffer prejudice by having to defend this action many years after the fact. Plaintiffs' delay, however, was caused in substantial part by the wrongful conduct of George Goldner and the Levy defendants, who would benefit from their own wrongdoing if plaintiffs were barred

by the laches doctrine from bringing suit at this juncture. The "equities fall on plaintiff's side." *Stone II*, 891 F.2d at 405. The Levy defendants' motion for summary judgment premised upon the doctrine of laches is therefore denied.

The Levy defendants argue that summary judgment is appropriate because plaintiffs should be equitably estopped from pursuing their claims by virtue of their delay. The equitable estoppel doctrine "prevents one party from enforcing rights which would result in a fraud or injustice upon a second party who, in justifiable reliance upon the former parties' words or conduct, had been misled into acting upon the belief that such enforcement would not be sought." *Travellers Intern AG v. Trans World Airlines* 722 F. Supp. 1087, 1098 (S.D.N.Y. 1989) (citations omitted).

Given the allegations in this case that the Levy defendants defrauded and threatened plaintiffs in order to prevent them from obtaining copyright royalties it is difficult to see why these defendants should be entitled to assert an equitable estoppel defense now.

With respect to the Levy defendants there are genuine issues of material fact as to whether or not plaintiffs' suit was timely commenced. The Levy defendants' motion for summary judgment is therefore denied in all respects.

V

Whatever force the fraudulent concealment and duress tolling arguments have with respect to the Levy defendants, they have none when applied to Emira Lymon. No evidence in the record warrants the conclusion that Emira Lymon fraudulently concealed the existence of plaintiffs' cause of action, or exerted duress upon plaintiffs, in order to prevent them from pursuing their claims. Thus even were plaintiffs able to demonstrate that they did not discover their cause of action for a time, and even were the statute of limitations deemed tolled during the period between 1984 and 1987 (when plaintiffs allege they refrained from bringing suit based upon Emira Lymon's promise that she would do so), the statute of

limitations would have run with respect to the claims asserted against Emira Lymon long before 1984.[4] Defendant Emira Lymon's motion for summary judgment with respect to plaintiffs' copyright claims is therefore granted.

VI

While the parties have focused only upon plaintiffs' copyright claims in their submissions, plaintiffs have also asserted claims for common law fraud and misappropriation, negligence and breach of fiduciary duty, violation of the Sherman Act, 15 U.S.C. § 1 *et. seq.*, violation of the Lanham Act, 15 U.S.C. § 1125(a) and the imposition of a constructive trust on the Fools royalties held by the defendants.

1. *The Levy Defendants.*

These claims have varied applicable statutes of limitations, and the analysis of the tolling principles applicable to each claim might necessitate an analysis different from that outlined above. The Levy defendants have made no argument, however, in their memoranda of law as to why these claims may have been untimely commenced. Thus I find it unnecessary to determine whether or not these claims were commenced within the applicable limitations period. I strongly suspect, however, that in the event the Levy defendants had argued for the dismissal of these claims on statute of limita-

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[4] It is arguable that the equitable estoppel doctrine tolled the statute during the period between 1984, when plaintiffs assert they agreed with defendant Emira Lymon jointly to pursue the copyright royalties, and 1987, when plaintiffs claim they discovered that Lymon would not live up to the alleged agreement. If plaintiffs were able to demonstrate that they were lulled into not bringing suit by the alleged 1984 agreement with Lymon they would perhaps be entitled to rely upon an equitable estoppel toll during the period between 1984 and 1987. But this limited tolling, even if available, would not have been sufficient to prevent the statute of limitations from imposing a bar with respect to Emira Lymon, who is not alleged to have been involved in the wrongful conduct of the Levy defendants.

tions grounds the result would have paralleled the result I have reached on plaintiffs' copyright claims.

2. *Emira Lymon.*

In addition to the copyright claim, the only remaining claim in plaintiffs' complaint which could be construed as being directed at Emira Lymon is plaintiffs' seventh cause of action, which asserts that the monies earned from Fools should be held by the defendants in a constructive trust for plaintiffs' benefit. While this count is pleaded in a confusing manner, it apparently alludes to the alleged 1984 oral agreement between plaintiffs and Emira Lymon under which Lymon agreed to attempt to obtain ownership of the copyright in equal shares for Lymon, Merchant and Santiago. The seventh count seems to suggest, without properly pleading any claim, that Emira Lymon committed a breach of a contractual or quasi-contractual duty to plaintiffs by not honoring this agreement. Any alleged oral agreement between plaintiffs and Emira Lymon is, however, barred by the Copyright Act's statute of frauds, 17 U.S.C. § 204(a), which requires that to be enforceable any transfer of a copyright must be in writing. *See also Mellancamp v. Riva Music Ltd.* 698 F. Supp. 1154 (S.D.N.Y. 1988); *Techniques Inc. v. Rohn* 592 F. Supp. 1195 (S.D.N.Y. 1984) (17 U.S.C. § 204(a) makes unenforceable an oral contract for the transfer of copyright ownership.)

The 1984 agreement alleged by plaintiffs was to cooperate in a suit against the Levy defendants. The alleged agreement, however, was also implicitly in part an agreement to have the ownership of the copyright transferred, since under the agreement Emira Lymon would exchange a half interest in the copyright for a one-third interest, the difference going in equal shares to Merchant and Santiago.

In *Mellancamp, supra*, the court considered the effect of a contract for the conveyance of a music copyright (and related interests) which was partially covered by, and partially exempt from, New York's U.C.C. statute of frauds. The court noted that under New York law, a contract which was partially covered by the statute of frauds was unenforceable in its

entirety unless the portion of the contract not covered by the statute could be severed from the covered portion and separately enforced. *Mellancamp supra* 698 F. Supp. at 1162. *See also Apostolos v. R.D.T. Brokerage Corp.* 559 N.Y.S. 2d 295 (A.D. 1st Dept., 1990) (Same).

That portion of the alleged oral agreement which contemplated transfer of Emira Lymon's interests under the copyright cannot be severed from those portions of the agreement which arguably might be uncovered by the Copyright Act's statute of frauds. Thus even if it could be argued that the agreement by Emira Lymon, Santiago and Merchant to sue Morris Levy and his affiliated companies was not covered by the Copyright Act's statute of frauds, the statute clearly is implicated by Lymon's agreement to transfer part of her rights under the copyright to Merchant and Santiago.[5]

VII

Defendant Emira Lymon's motion for summary judgment is granted in its entirety and Emira Lymon is dismissed from this action.

Plaintiffs' suit will be allowed to proceed to trial only against the Levy defendants. This will leave a one-half ownership interest in the copyright with Emira Lymon and allow plaintiffs' claims against the Levy defendants to proceed with respect to the remaining one-half interest in the copyright.

SO ORDERED.

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[5] In light of this holding, it is unnecessary to determine whether the enforcement of the alleged oral agreement between the parties may also be barred under New York's U.C.C. statute of frauds, U.C.C. § 1-206, which provides that sales of personal property in excess of $5,000 must be evidenced by a writing to be enforceable. The district court in *Mellancamp, supra*, however, carefully analyzed this provision and concluded that it applied to contracts for the transfer of copyrights. *Mellancamp, supra*, 698 F. Supp. at 1163.

/s/ VINCENT L. BRODERICK
VINCENT L. BRODERICK, U.S.D.J.

Dated: White Plains, New York
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